

REPORT OF PROCEEDINGS BEFORE

GENERAL PURPOSE STANDING COMMITTEE No. 3

INQUIRY INTO THE PRIVATISATION OF PRISONS AND PRISON-RELATED SERVICES

At Sydney on Friday 20 March 2009

The Committee met at 9.00 a.m.

PRESENT

The Hon. A. R. Fazio (Chair)

The Hon. J. G. Ajaka

The Hon. G. J. Donnelly

The Hon. T. J. Khan

Ms S. P. Hale

The Hon. R. A. Smith

The Hon. H. M. Westwood

CHAIR: I would like to welcome you all to the second public hearing of the General Purpose Standing Committee No. 3 inquiry into the privatisation of prisons and prison-related services. Before we commence I would like to make some comments about procedural matters. In accordance with the Legislative Council's guidelines for the broadcast of proceedings, only Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee the media must take responsibility for what they publish or what interpretation is placed on anything that is said before the Committee. The guidelines for the broadcast of proceedings are available at the table by the door. I remind everyone that any messages for Committee members or witnesses must be delivered through the Chamber and support staff or the Committee clerks.

Committee hearings are not intended to provide a forum for people to make adverse reflections about others. The protection afforded to Committee witnesses under parliamentary privilege should not be abused during these hearings. I therefore request that witnesses avoid the mention of other individuals unless it is absolutely essential to address the terms of reference. I remind everyone, including those sitting in the public gallery, to please turn off your mobile phones as they interfere with Hansard's recording of the proceedings.

I would like to welcome everyone in attendance today at the public hearing. I would like to remind you to not attempt to participate in the hearing by way of comment or interjection during a witness's evidence. The Committee will have no option but to clear the public gallery if the hearing is interrupted or disrupted. I also add that we have the Parliamentary Theatre available if we have more people wishing to view the proceedings of the Committee's inquiry today.

DOMONIQUE KARAURIA, Executive General Manager Operations, The GEO Group Australia Pty Ltd,

PIETER BEZUIDENHOUT, Managing Director, The GEO Group Australia Pty Ltd,

TIMOTHY ROBERT McLEAN, Business Development Manager, The GEO Group Australia Pty Ltd, and

FRANK JOHN THORN, Executive General Manager Finance and Administration, The GEO Group Australia Pty Ltd, sworn and examined:

CHAIR: If you should consider at any stage that certain evidence you wish to give or documents you may wish to tender to the Committee should be heard or seen only by the Committee, please indicate that fact and the Committee will consider your request. If you take any questions on notice today, the Committee would appreciate if the responses to those questions could be sent to the Committee Secretariat within 21 days of the date on which the questions are forwarded to you. I remind Committee members that the submission provided by The GEO Group is a confidential submission, so you should not directly refer to the submission when framing questions for the witnesses. Before the Committee commences questions, would any of you like to make an opening statement?

Mr BEZUIDENHOUT: At the outset, on behalf of The GEO Group I wish to thank the Committee for the opportunity to present our evidence both in this public forum and in the written submission. The services we provide are of significant interest to the public and the planned outsourcing of the management of Parklea and Cessnock intensified the debate with many philosophical, ideological as well as practical arguments put forward. We respect these diverging views. However, in light of some of the misunderstandings reflected in various submissions, it is important to start by explaining how GEO Australia approaches our corporate responsibilities.

GEO aspires to be the leader and supplier of choice in the provision of quality outsourced services, and in doing so to be supported by the dedicated people who look upon GEO as their employer of choice. I have addressed the staff—all staff—on more than one occasion and indicated to them that there is no chance that we can ever call ourselves a supplier of choice unless they tell us, and they overwhelmingly tell us, that we are indeed an employer of choice.

We call this program, which has now been in place for a number of years, GEO Builds Better Lives. I seek the indulgence of the Committee, as I want to repeat a short section of our submission in this regard, both because of its importance to our operations and because it addresses some of the serious misrepresentations about our attitudes and achievements. I need to start by making a statement and saying that we have an absolute commitment to GEO Builds Better Lives. That is indicative in our attitude to our people. When you do come to Junee, you will see visibly our attitude in that regard.

Our business is fundamentally all about building better lives. When we say better lives, we are not talking about better lives just for staff; we are talking about the people in our care—predominantly the inmates—we are talking about our clients, we are talking about taxpayers, and we are talking about the communities in which we are involved. For every one of those we intend to build better lives. It is a stated objective and aspiration. These are as divergent as a nurse helping an offender to overcome a drug habit, a counsellor or psychologist encouraging an illiterate offender to attend an education course, or an officer in industries assisting with the up-

skilling of individuals to help them find employment upon release. Our daily lives and our daily work are totally ingrained in helping build better lives.

The statistics on our operation at Junee included in our submission and the submission of the Department show that we are performing extremely well on all these measures. We also seek to build better lives in many other ways, as stated earlier: through the local community, by local policies of community work, by assisting a deserving member of the public with scholarships, and through the many charities we support in the local communities in which we operate. These are in turn also supported, as reflected in our comments in the submission, by the Mayor of Junee Shire, as well as—if you want to take the time to speak to the shire of Wagga Wagga, they will tell you what we do. We also help our clients by offering them better quality service, and consistent and innovative solutions.

We have an absolute commitment of partnership with our other stakeholders, which include the union. I am on the public record as stating that the union is an integral part of our business. I have addressed staff and told them that in no uncertain terms. I think the reflection of our EBAs and the duration of the EBAs and the time it takes us to complete EBAs is certainly indicative of that process. And our commercial success in Australia in retaining all our correctional contracts on a re-tender basis since the inception some 16 or 17 years ago is clearly indicative of our commitment to our clients.

It is also fundamental that we look at what we do for our people. Contrary to what has been stated in a number of submissions, we do create positive work environment, and we create a satisfying, long-term employment arrangements. A recent independent staff survey showed that 88 per cent of our people like their jobs, more than 70 per cent of our people are proud of what they do and what their work teams achieve, and a similar percentage find that their jobs are interesting and challenging. I am not sure that there are related figures in any other public services, and I would be surprised if they did match or meet those stated objectives.

As stated, the Committee has received some empirical evidence, but similarly opinions, views, beliefs and anecdotal evidence. To this end I would like to address some of the fundamental misunderstandings—and there were many—and to provide you with something you will welcome: the facts. I am not going to try to address all the misunderstandings that have been reflected in the submissions. I will basically highlight six of the major ones that are a repetitive theme throughout. The first one is that private prisons are more expensive than public prisons. This is absolutely not true. In the Department of Corrections submission they have indicated that the fully absorbed costs of Junee are \$124.29, against the statewide average for minimum and medium security prisons of \$184.03. That is a difference of \$60 per day per prisoner.

If you extrapolate that figure, if Junee was running at the average cost to the State for minimum and medium security jails, it would cost the taxpayers of this State something like \$17 million more every year. That is an irrefutable statement in the Department's submission. In fact, we are not sure how the Department allocated the fully absorbed costing to us, because the direct cost—that is a fixed figure that we charge the Department—is less than \$100 a day. I am not going to even try to extrapolate that figure to give you an indication of how much we truly save the State and the taxpayers of New South Wales. Those moneys can truly go to other worthwhile causes, such as education, hospitalisation, health services and transport.

The second misunderstanding or misnomer that flows from the first one is to say that the only way private prisons can make a profit is by cutting corners and compromising safety and

security, thereby putting public safety at risk. This is absolutely not true. If you go to the Department's submission, from pages 5 to 10 it shows emphatically that Junee has over a decade, in all key measures of public safety achieved far better than the Department. We have notably fewer escapes than the average of the State—in fact, expressed as a rate per 100 prisoner per year, Junee is 0.05 compared with the State average of 0.43, which is one-tenth. In terms of assaults by prisoners on officers, which was a major concern raised by the PSA in areas such as Cessnock and Parklea, our figure is significantly less

In fact, if the Department's is expressed as a ratio of one, Junee's figure is 0.57, almost 50 per cent less than the Department's. Similarly, we can go through all the other statistics. I will not bore you; it is in the submission of the Department. We have fewer prisoner-on-prisoner assaults. There is an argument that we are more disciplinary crazy almost. There is certainly evidence in the submission that there are fewer offences in custody by offenders in our prison.

The third misunderstanding is for them to say: Because you are a for profit organisation, and because you are doing it cheaper—and we will accept that you can do all the public and safety measures that the Department requires you to fulfil—you therefore are cutting on your rehabilitation programs. This is not true. Again, factually, the majority of our key performance indicators are designed to measure rehabilitative activities. Whether it is reparation to the community, the completion of rehabilitative programs, educational outcomes, or pre-release programs, we at Junee have achieved 100 per cent of our performance linked fee over the last four years. Emphatically, it is not true, and in our submission there is some detail. If there are any questions in this regard, we will take them on board.

The fourth misunderstanding—also flowing from the fact that because we are a for profit organisation or because we do it for less money—is that we must be treating our staff poorly. I have indicated to you earlier in my statement that, indeed, staff are extremely happy and content in their working conditions at GEO. However, it should be seen in the light that we compete in a competitive labour market. Whether it is in a rural area, as with Junee, whether it is in Sale or whether it is in an urban area like Brisbane where we have a maximum security jail, we compete in a competitive market.

We have recently had over 150 applications for work at Arthur Gorrie in a pre-service course that we were running. But to come back to New South Wales and Junee in particular, we have over 60 per cent of our staff who have been with us for five years or longer and over a quarter of our staff have been with us 10 years and 15 per cent of them have been with us since our inception. I spoke about our EBA process and our teams in that regard.

In terms of sick leave, over the last 12 months—and certainly not only over the last 12 months but over a long period of time—GEO's average sick leave amounts to something like five days per annum whereas in the public sector I understand it is in the double figures plus. Over the last 12 months we have had no industrial action at Junee and the fallacy that goes with it is also that our staff are undertrained. Our staff are trained to exactly the same standards and requirements as stipulated in the contract and what is required of DCS staff.

Another misnomer and a major one that is repeated very often in every instance is that private prisons are less accountable than public prisons. This is not true. We report exactly to the same monitoring as public prisons but we even have more measures and reporting requirements because of the contractual arrangements that we have. For instance, Junee has over 165 performance indicators monitored monthly. The facility is visited by the Ombudsman, the

official visitor; the Auditor-General scrutinises us and in our own regard there are independent quality certifications and revalidations that are done on a regular basis.

The last misnomer I want to address is a conglomerate of issues where people say that private prisons choose the inmates that they take; that they only manage the easier inmates; we benefit from tougher sentences; we are involved in punishing the inmates; and we get better classifications. None of this is true. We have not refused inmates and we cannot legally. Contractually we are not allowed to refuse inmates. We do not manage easier inmates. We have the same classification as Cessnock—minimum, medium, remands, maximum; they are all involved in the facility.

We benefit from tougher sentences—that is absolute rubbish because we are paid a fixed fee for a bed capacity and it is up to the Department to fill that bed capacity to the best of their ability. We do not benefit at all. We certainly are not involved with classification. That is a Department responsibility. I understand that the Committee is coming to Junee somewhere in April and I will be delighted for you to experience firsthand the facility and you will also experience firsthand what we do in the community. We employ local staff and we have had a community consultative committee in place since the inception of the jail and we return in excess of \$25 million annually into the local area in terms of our buy-local policy; the salaries and wages that we pay. We do not buy on a national basis.

We have undertaken over 250,000 hours of reparative work for the benefit of the shire and we have built better lives for the people in our community through our donations, our scholarships and our support. Ladies and gentlemen, I am almost at the end and I think some of the questions that were raised I will most likely address in my next statement. People often ask the question: What then distinguishes a private provider from the public sector? The first thing we have in the markets such as Australia or anywhere else in the world is that our reputation has to be absolutely intact. We have to make sure that we deliver not only the service that is required contractually but that we are innovative, reliable and efficient, and in that process that we bring innovations to the table.

There is an extensive list of innovations that we have introduced into the country but some of those you will see at Junee. We have introduced an information kiosk, a health kiosk for the prisoners. GEO was the original introducer of a high-risk assessment team principle in Australia. We introduced a biometric method and dispensing iris scanning at Junee. The resettlement programs at Junee are great innovations. I will not bore you with the long list and we will make that available to you when you visit Junee. We were selected by the Government as one of the Commonwealth's indigenous leaders in the employment program. We have introduced 12-hour shifts, which are extremely popular with staff in the area because it allows them to be three days on four days off, four days on three days off so in a period of 14 days they work basically seven.

We have introduced a concept of casual labour. Casual labour is often criticised but it is a lifestyle choice. It gives people in the area a lifestyle choice. A farmer may decide that he wants to take a month off or where there is a quiet period on his farm in a month or a three-week period he would come and work for us. I am sure lots of questions will arise out of casual labour. We certainly also abide by our quality accreditations, apart from being the National Safety Council of Australia winner and many others. In fact, Junee was the first Correctional Centre in Australia and to the best of our knowledge possibly the world to be certified under the Environmental Standard ISO 14001 and to my knowledge that made Junee the first green prison in the world.

The final comment is in relation to what is envisaged by privatisation. It is not, as is claimed outside, a sell off of assets. It is not selling off of anything. Rather, as the Commissioner points out in his submission and in his statement, it is the Department buying in a service and private companies supplying that service and outsourcing it. It can best be described as outsource management. The prison is owned and remains the property of the State. The ultimate responsibility for the prisoners rests with the State. The State dictates the services to be provided and the standards to be achieved. The State oversees the delivery of services. The legal process of the prisoners into the prisons and release rests with this State.

I need to add that the governments that buy the services from us are not naive. They know precisely what they want and they make sure that they get it; that I can assure you. If we do not perform, they have got measures of either contractual sanctions, monetary penalties or termination of contract. That is one of the major advantages that private outsource operations offer the Government. If you do not perform in a public jail, you cannot take it back from the public. It is there. The private jail you could take the contract away. I have listed a lot of benefits to be derived from privatisation but instead of boring you any longer, I suggest you ask questions and I will respond to them. That is our opening statement and we welcome any questions from you at this stage.

Ms SYLVIA HALE: Do you report to the Government on how much overtime is worked at Junee?

Mr BEZUIDENHOUT: I need to ask my colleagues about that.

Mr McLEAN: Yes.

Ms SYLVIA HALE: How much overtime was worked at Junee?

Mr BEZUIDENHOUT: I would have to take that on notice.

Ms SYLVIA HALE: Could you also take on notice what proportion that is of your total salary bill?

Mr BEZUIDENHOUT: At Junee?

Ms SYLVIA HALE: Yes?

Mr BEZUIDENHOUT: Certainly.

Ms SYLVIA HALE: Is the performance data you collect at Junee publicly available?

Mr BEZUIDENHOUT: I am not sure. We forward it to the Department. What the Department does with it is within their domain. We certainly do not publish it publicly.

Ms SYLVIA HALE: But you would agree that the failure to publish appropriate data makes it very difficult for an outsider to compare the performance of the public prison to the privately run prison?

Mr BEZUIDENHOUT: No, I do not agree. That question I really cannot answer you. It is not for me to make that decision. I know in other States that contracts are available publicly but I am not going to sit here and criticise government policy in New South Wales in that regard.

Ms SYLVIA HALE: I am not talking to you about government policy. I am talking to you from the point of view of the broader public interest, which is an interest that lies in knowing how the public prisons compare in relation to private prisons?

Mr BEZUIDENHOUT: It is up to the Department to publish it.

Ms SYLVIA HALE: So you will not voluntarily release any data that you compile?

Mr BEZUIDENHOUT: No. The problem with that is that I have a contractual arrangement with the Department and there are certain do's and don'ts and that is not one of the do's that I have with the Department.

Ms SYLVIA HALE: I think one of the points that you made in your opening statement was that private centres are more accountable. How can you justify that sentence if the data concerning the performance of Junee, for example, is not publicly available? What is the accounting method?

Mr BEZUIDENHOUT: The accountability, and what I refer to specifically is that the Department or the public system have reporting mechanisms as to indicators in the public system. We report against all those indicators to the Department. Over and above that we also have contractual obligations which is not available in the public prisons and we report against those and therefore, in terms of accountability and whether the Department sees from those, there is certainly greater accountability.

Ms SYLVIA HALE: Can I deduce from both your actions and your statement that you do not believe it is in the public interest for data to be fully publicly available?

Mr BEZUIDENHOUT: No, Ms Hale, I think it is the second time you have tried to put words to me that I have not put forward to this Committee. I put forward that I say my obligation is to the Department and I make the data available to the Department. If the Department so wishes to publish it, it is their right. I have no view on that. It is not my doing to publish or not publish.

Ms SYLVIA HALE: So presumably GEO provide performance data to the Department?

Mr BEZUIDENHOUT: Absolutely.

Ms SYLVIA HALE: Who produces this data and is it independently audited or verified?

Mr BEZUIDENHOUT: We produce data and, as I said, there are some 165-plus of these performance indicators of things which we report, and we do so monthly. At the Centre we have a Contract Compliance Manager, who reports on the data independent of operations and he reports directly to the General Manager. The Department then has a monitor who comes on a monthly basis and visits the Centre and audits against that reported data. They are random audits and could be any one of 160, and more than one topic at a time, and we would not know

which ones they are. And for every one of these items, there needs to be some empirical evidence that we have achieved or have not achieved.

Ms SYLVIA HALE: What is the average utilisation rate for Junee? What capacity does it operate on average?

Mr BEZUIDENHOUT: I think it is in the Department's submission. I think it's about 97 per cent. I am not sure but I know I saw a huge table in the Department's submission.

Mr THORN: It is 97.1 per cent.

Ms SYLVIA HALE: So that means at any one time for everyone 100 inmates you may have—

Mr BEZUIDENHOUT: 97.

Ms SYLVIA HALE: Is GEO paid for providing places irrespective of whether they are used?

Mr BEZUIDENHOUT: Yes. In every contract in Australia the Departments or the governments buy a bed capacity from us.

Ms SYLVIA HALE: Over the course of GEO's managing of Junee how much money has GEO received from the Government for places that were not being used?

Mr BEZUIDENHOUT: I am not sure that I understand the question.

Ms SYLVIA HALE: Presumably if you have 100 places and three are not being used but you are being paid for those three and you have been running a contract for many years, how much money have you been paid for non-prison prisoners?

The Hon. TREVOR KHAN: Point of order: How does that question fall within the terms of reference? It goes to a probity or finance issue, not to the appropriateness or otherwise of privatising prisons.

CHAIR: The question is in order because it is necessary to understand the financing of private versus public prisons to be able to weigh up the pros and cons.

Mr BEZUIDENHOUT: I am willing to answer it. It is a relevant and interesting question. In the service fee that we determine, tender and give to government, we would build in a structure that at any given stage could be filled 100 per cent. That cost structure is ultimately made up of two elements; a fixed element and a variable element. In the fixed element, whether we have 97 prisoners or 100 prisoners, we are going to need a staff requirement and a management requirement. Your variable cost is really limited to—and Frank, you will have to help me here—food services, food costs, direct food costs—

Mr THORN: Pharmacy, prisoner hygiene issues.

Mr BEZUIDENHOUT: It is a relatively small amount.

Ms SYLVIA HALE: I find that interesting, because using that figure of 97 per cent I estimated that would be approximately \$660,000 per year that GEO would be receiving because it is being underutilised, and I think you have got to put that in the context that the average utilisation rates for public prisons is in the vicinity of 104 per cent. So public prisons are incurring more costs whereas Junee would appear to be incurring fewer costs and would appear, on the basis of these figures, to have been benefiting to the extent of \$660,000 each year.

Mr BEZUIDENHOUT: I truly do not know how you came to the figure of \$660,000. Certainly, the variable costs element on an annual basis of the 3 per cent would not amount to that. But can I help you on another topic? In fact, we were at Junee yesterday and we have got a maximum bed capacity of 790 and I think we were three short—not 3 per cent—three short yesterday. So the 97 per cent is an average taken over a period of time and, I reiterate, you have to have a fixed infrastructure in place to cater for the ups and downs.

Ms SYLVIA HALE: This is true also of the public prisons. But how I reached that figure was that I assumed that your annual management fee, which I think is publicly available, is \$22 million and if you multiply that by 3 per cent.

Mr BEZUIDENHOUT: But the fallacy in your argument is you did it against the whole fee instead of just a variable element.

Ms SYLVIA HALE: According to your enterprise agreement what were the standard ordinary hours of work per week for corrective services officers at Junee?

Mr KARAURIA: The standard hours are 80 hours per fortnight.

Ms SYLVIA HALE: That is 40 hours per week. How does this compare to the standard hours for a corrective services officer at a DCS-managed—

Mr BEZUIDENHOUT: I cannot answer that. I do not know.

Ms SYLVIA HALE: I am looking here at the comparison of wages and hours at Junee versus public centres and I am looking at the consent awards on the Web, publicly available. For Junee, for example, for a Correctional Officer stage 1—my apology—for hours at work at Junee it says, "Ordinary hours: Unless otherwise agreed pursuant to Clause 2.6.2 Ordinary Hours Work ... shall be eight (8) hours, or twelve (12) hours, in any one day and not more than an average of forty (40) hours per week, up until the introduction of the 38 hour week", whereas at the DCS, the public prisons, it says the ordinary hours of employment for day workers shall be an average of 38 hours per week in each roster cycle. Does that suggest that employees at Junee on average are working two hours more a day than employees within the public system?

Mr BEZUIDENHOUT: Two hours a week?

Ms SYLVIA HALE: Yes, per week.

Mr BEZUIDENHOUT: I genuinely cannot answer you what is happening in the public system. I do not run the public system and therefore I have got no comment in that regard. What I can tell you is that in the previous EBA negotiations, and I am open to correction—I have not got my People Services Manager with me—but in previous negotiations we bought out hours, and I do not have the detail; I can give it back to you in a different submission.

Mr THORN: It was 42 and 40.

CHAIR: We will now go to the Hon. Roy Smith for some questions.

The Hon. ROY SMITH: You mentioned earlier the average cost of accommodating a prisoner at Junee was, I think, just under \$100?

Mr BEZUIDENHOUT: Our direct costs, what we charge the Department, is under \$100. The Department's costs, in their submission, is \$124.

The Hon. ROY SMITH: Does that include a portion of that management fee you referred to, that \$22 million?

Mr BEZUIDENHOUT: That is the fee we charge the Department—\$100 a day.

The Hon. ROY SMITH: And that includes a portion of that management fee?

Mr BEZUIDENHOUT: That is the management fee, yes. There are no additional charges including the cost of health in our case; it includes everything we do.

The Hon. ROY SMITH: It includes all costs and all charges.

CHAIR: We will now go back to Ms Hale for some more questions.

Ms SYLVIA HALE: Just returning to the question of publicly available awards where we do have some material available, it says—and this is at 1 July 2007 in relation to wages at Junee—it says for a Correctional Officer 1, and it is possible to compare a Correctional Officer in the first year employed within the DCS, within the Correctional Officer 1 it suggests the annual salary is \$42,725 at Junee, the award, and for the first year Correctional Officer within the DCS the annual award is \$46,807. So the difference at Junee in what is paid can be almost 13.5 per cent in terms of salary.

Mr BEZUIDENHOUT: I have to take that on notice. Since we had a further EBA concluded successfully in October last year our wages were lifted by something like 4.8 per cent. I am not sure whether the \$42,000 is still relevant or what the figure is now, but certainly there will be or it would appear that there is a discrepancy between us and the public sector—I do not deny that. The point I made earlier in my opening statement is that we pay what we believe is the market-related rate. We have never been short of staff; we have still got people in Arthur Gorrie in Queensland in an urban area. In a recent pre-service course we advertised for people to join our group—I cannot remember offhand the number of interested parties we had, but certainly in terms of applications we have received something like 150 applications for employment.

Ms SYLVIA HALE: There is no doubt; I imagine you would be flooded with applications given the deteriorating financial circumstances. That does not surprise me, particularly in rural areas where work is a desperately needed commodity. But what I find particularly disturbing is that it seems to me in terms of hours of work and wages paid that what you are providing is consistently less than what the public sector provides, and we are talking not about extravagant levels of wages for work, which I believe is very intense and very stressful. I just find it difficult to see what is the justification for this.

Mr BEZUIDENHOUT: I come back to you and I say to you again that we pay a market-related rate. It is not only in the current times of economic depression where we have had people; we have always been able to fill our pre-service courses. Since inception, certainly since I have been here over the last five years, we have not had a problem in filling them. I think the difference comes in, and we need to come back to you on this 40 hours and the rates, I think the major difference comes in the way we manage our overtime, the way we manage our sick leave. I have indicated to you that our sick leave is currently running on an average of about five days and, as I understand, the Department is in excess of 12 days or even more. I think there is a figure quoted somewhere by somebody that one day would cost the taxpayers an inordinate amount of money just in terms of sick leave.

Ms SYLVIA HALE: Could you tell me whether the Junee base rate includes penalty rates at all?

Mr BEZUIDENHOUT: I will have to take that on notice and we will get all of that back to you.

Ms SYLVIA HALE: If you could take on notice some response to the proposition that clearly the smaller the Correctional Centre the bigger the overheads and that if you look through the public system you see those overheads are very much impacted by the size of the centre itself: the bigger it gets the greater the economies of scale are, the economic efficiencies are. What I am suggesting to you is that the difference between what it costs to run the public system and what it costs to run Junee, if you remove those efficiencies of scale what you eventually come down to is where the money is generated is, in fact, by paying people less and working them longer.

Mr BEZUIDENHOUT: You are entitled to that view. The point I make, repeatedly now, is that certainly we pay a market-related rate and it is attractive to the communities in which we operate. It is not all due to economies of scale. I am not going to get into a debate where the Department should be going, but it is certainly not in the economies of scale area. I will give you a practical example. We run an absolute maximum security jail in Queensland. The relevance of that jail is, and was until recently, a remand reception centre identical to what you would have at Parklea.

I do not know what the costs at Parklea or the per diem rate is but if I take Kempsey, which is at about \$171, and we just assume for one minute that that is the same for Parklea, and that facility is the same size as Parklea, and compare to our facility at AGCC which is less desirably designed because it has got far more accommodation units, our costs of that facility are just over \$100 a day—\$100 a day that we cost the taxpayer. I bet you now that Parklea will be way in excess of that figure, and it is not to do only with salary differences.

Ms SYLVIA HALE: If you are successful in tendering for Cessnock and Parklea will you guarantee to retain the positions that are currently there?

Mr BEZUIDENHOUT: No, I cannot.

Ms SYLVIA HALE: You won't?

Mr BEZUIDENHOUT: I cannot because I do not know. I do not know how the place is staffed, I do not know how it is structured. We have no insight into it yet; we have to

wait until the tender documents become available. So if you ask me here I genuinely cannot answer because I am blind.

Ms SYLVIA HALE: Is there any random drug and alcohol testing of staff carried out at Junee?

Mr KARAURIA: Yes, there is.

Ms SYLVIA HALE: Could you tell me who carries it out?

Mr KARAURIA: The management team carry it out at Junee.

Ms SYLVIA HALE: And how frequently is it conducted?

Mr KARAURIA: It is conducted on a weekly basis.

Ms SYLVIA HALE: And where are the results reported to?

Mr KARAURIA: The results are reported through to the contract monitor—the owners of the contract.

Mr BEZUIDENHOUT: DCS.

Ms SYLVIA HALE: You said in your address that there was an absence of industrial disputes at Junee, and you nominated last year as a case where there were no industrial disputes. Is it correct that in 2003 there were in fact two occasions of two-day strikes and in 2005 one occasion where there was a complete strike for seven days, which is a very long period?

Mr BEZUIDENHOUT: I cannot comment about 2003, and I do not think any of these gentlemen were here in 2003 so we cannot comment about 2003. We did have industrial action, and if you say it is 2005 I have to believe you; whether it was seven days I also cannot confirm that.

Ms SYLVIA HALE: Could you get back to us and confirm those figures and any other figures within the last five years of industrial action?

Mr BEZUIDENHOUT: Yes.

CHAIR: We will now go to the Opposition committee members for questions.

The Hon. JOHN AJAKA: If I could go back to what you mentioned earlier when you gave an example that out of 100 beds you are at 97 per cent capacity—97 beds out of 100—but you are paid exactly the same fee, I would assume, each and every month, or daily rate, for those entire 100 per cent of beds. I think you mentioned this earlier, the argument that it is in your best interests to keep prisoners there longer and longer and longer as opposed to ensuring that they do not repeat offend, et cetera, really goes out the window, does it not, because you are still going to be paid the same fee whether you have got 90 per cent capacity or 85 per cent capacity? There is no incentive for you to hang on to a prisoner?

Mr BEZUIDENHOUT: Absolutely correct. I think maybe there was a misunderstanding. The point we are making is there are allegations made in some of the

submissions that because we are a private operator it is in our interest to punish prisoners and keep them there longer. It is irrelevant to us because we are paid for 100 per cent capacity. But even immaterial of that, we do not have the power to decide on prison sentence duration and who we want and who we keep. Does that make it clear?

The Hon. JOHN AJAKA: What about in relation to when one looks at the non-parole period, when one looks at being out on parole, you have no say in that either, do you?

Mr BEZUIDENHOUT: The parole function is undertaken by the DCS at our jail.

The Hon. JOHN AJAKA: At the end of the day it could almost be argued that the less prisoners you have, notwithstanding you only have a few costs in medical and hygiene, et cetera, it works in reverse for you?

Mr BEZUIDENHOUT: To a degree but you will fall short of contractual obligations in other regards. It is in the interest of the Department—they are paying for the 100 beds—to fully utilise them to the 100 beds. Maybe I should allow Dom to elaborate on some of the classifications we have there, but one of the reasons why they do not fill us 100 per cent all the time is purely because of the number of different classifications that we have and the layout of the facility in terms of what it can accommodate. We would have dedicated units to remands, dedicated units to protection, dedicated units to SMAPs and so on. So you would have units with full 100 per cent mainstream or full 100 per cent protection, but in a particular area there may be a shortage or there is a reason for the Department not to have them.

The Hon. JOHN AJAKA: Have you ever had over 100 per cent capacity in Junee?

Mr KARAURIA: No.

The Hon. JOHN AJAKA: Have you had an opportunity to read the evidence that was given by Commissioner Woodham?

Mr BEZUIDENHOUT: Yes. I cannot say that I recall everything.

The Hon. JOHN AJAKA: I wish to read a section to you and ask you for your views. I quote:

The Hon. JOHN AJAKA: Mr Woodham, thank you for your opening statement. Basically what you are saying is that the whole problem with the public prison system is the unions. Is that it in a nutshell?

Mr WOODHAM: I am sorry?

The Hon. JOHN AJAKA: If I take your opening statement to mean what I thought it meant, the problem with operating a public prison system is the unions, is that what you are saying?

Mr WOODHAM: Yes, that is part of it, not particularly the unions but their members.

The Hon. JOHN AJAKA: The unions are comprised of their members.

Mr WOODHAM: I am not particularly targeting the unions; it is their members.

The Hon. JOHN AJAKA: And the members of the unions are the prison officers?

Mr WOODHAM: Yes, but as I said, some of them do not even elect to work overtime; some have got no interest in overtime, but a number of them are in the reverse and they will do anything to keep every dollar in overtime and threaten management with industrial action if we try and change anything in the prisons.

Why is your system so different? Why do you not have the problems that Commissioner Woodham is convinced exists in the public system?

Mr BEZUIDENHOUT: I cannot comment about the Department and the union relationship. Fundamentally I believe that most people want to do a good job and are doing a good job but I genuinely cannot comment on what is happening in the Department and/or in specific centres or in union membership. We certainly build positive relationships with our unions—and I am not saying that the Department has not—but Commissioner Woodham is entitled to his view and I cannot comment.

The Hon. JOHN AJAKA: You mentioned in your opening statement that you encourage all employees to participate in the union. Are you able to give an indication of what percentage of your employees would be union members and non-union members?

Mr BEZUIDENHOUT: In every single one of our facilities—Gorrie, Junee, Fulham at Sale—the different State officers are unionised in different unions—the Miscellaneous Workers Union, LHMU in Queensland and in Victoria the CPSU—then we have non-custodial officers in union agreements. How many agreements have we got at Junee?

Mr KARAURIA: Three.

Mr BEZUIDENHOUT: I think there are three agreements at Junee. It is up to the members or the staff of a facility to join the relevant union as they so wish.

The Hon. JOHN AJAKA: Earlier we were talking about Junee being purpose-built. We have a situation where we have a purpose-built jail that was purpose-built to be a private institution. However, what is being looked at now is for existing facilities, which have been operating for some time in the public sector, being looked at for privatisation. Do you have any view as to the difference between starting from scratch on a piece of paper to build a purpose-built private institution or your organisation, or similar organisations, coming in and acquiring an existing facility that has been there for some time?

Mr BEZUIDENHOUT: It would be naive and wrong to state—we have been fortunate in that we have been through Cessnock and Parklea, and I have got to be sensitive what I say here because I am talking about my client and I am talking about the Department. I would imagine that if the Department had a choice now they would most likely design Cessnock differently to the way it is designed in its current format. I think over time—and that is one of the innovations that private industry has brought to the table—the design of prison facilities has evolved and emerged and are utterly different. I noted the PSA, for instance, quoted some of the jails here dating back to the 1800s. I can tell you that the designs now would be vitally different to those and lend themselves to far more efficiency and far greater operational efficiency in the jails. I do not know if that answers your question?

The Hon. JOHN AJAKA: The first part. I find it strange how one could compare a situation of the daily operating expenses of Junee, which was purpose-built, with a jail that has been around for some years and, in your own words, would probably be built differently today. Is it fair to compare the two when one looks at private operation and public operation?

Mr BEZUIDENHOUT: In the Department's submission it makes mention of the cost of running Mid North Coast, which is Kempsey, which is a fairly new design-built facility. I have not been privileged to be there but I understand it is a very efficient design. To the best of my knowledge, and to the best of my recollection, the cost of that jail is \$171 per day compared with \$124 at Junee. So even there in a new jail, newly designed and newly constructed by the

Department, where they have taken on board all the latest design inputs, it is still significantly different—\$50 per day. That again would equate to—if we use the numbers at Junee—to something like \$15 million more than it would cost us to run the facility.

The Hon. JOHN AJAKA: When Junee was first built the staff were advertised, employed and commenced the operations knowing that they were part of a private enterprise. But if you take Parklea or Cessnock, the staff have been employed for a considerable period of time on the basis that it is a public prison. So there is the staffing issue, then there is the issue of the family of the staff and then, of course, the issue of the community as a whole. Do you see any change in the taking of an existing facility and putting it in the hands of private operators as opposed to building one from scratch?

Mr BEZUIDENHOUT: I am not 100 per cent sure that I understand your question. The design of the facility and the Government's proposed privatisation and outsourcing of that facility—I am not sure why the Government decided on privatising Cessnock or Parklea and why they did not decide to do it in Kempsey. I do not know, I cannot answer that side of the equation. What I can tell you is that certainly we do more—and I stand here without any fear of contradiction—in the local community than what the Department does in the local community simply because we are more flexible, we are not governed by the State Government's procurement policy and we award an enormous amount of scholarships, donations, and much more to the community.

The Hon. JOHN AJAKA: You mentioned that in your opening statement, and I appreciate that?

Mr BEZUIDENHOUT: Yes.

The Hon. JOHN AJAKA: In your opinion you do not see a great difference between acquiring an existing prison as opposed to simply moving in to building a new prison, is that right?

Mr BEZUIDENHOUT: In this business we get given the facility—in most cases we do not design the facility—we get given the facility whether or not it is an old or a new facility. Typically if we re-tender on contracts that have been held by the private industry we would take over the existing facility. In most cases the facilities are built by the State. We would work with what we are given.

The Hon. JOHN AJAKA: From that perspective you feel there is no difference. You are able to offer efficiency—if I can use that word—and run a prison system whether it is one that was newly purpose-built or one that exists in—to use the Commissioner's wording—a more efficient manner than the Department?

Mr BEZUIDENHOUT: It would be extremely presumptuous of me to say that we would do it. I stated earlier that we are blind as to the staffing of the jails—the two existing ones—but there is enough empirical evidence around the world that private operators manage facilities more efficiently, less costly and with greater outputs compared with the public service.

The Hon. JOHN AJAKA: I quote further from the evidence of Commissioner Woodham:

The Hon. JOHN AJAKA: Your stance is that, notwithstanding that the private enterprise wants to make a profit—that is its priority aim—and of course, the public system makes no profit at all, there is no way you, your Department, can run a public correctional facility in the same manner that a private enterprise can, even though they are making a profit; they are just far superior to you?

Mr WOODHAM: It is proven with our experience with Junee that they can run a very efficient prison much cheaper than we can in the public system.

The Hon. JOHN AJAKA: I find that extraordinary. I find it extraordinary that your entire Department is unable to run a prison system as effectively as a private enterprise when you do not have to worry about making a profit; you do not even have that hurdle?

Mr WOODHAM: This is one of the reasons why we are trying to implement these reforms and of course privatising prisons is only part of the reform package; it is not to waste public money and to make the system more effective and run it more efficiently, so privatisation is only part of the reform package of what we are putting forward and what we are implementing.

The Hon. JOHN AJAKA: But if I accept your line as being completely correct, why have a single public correctional facility? Why not privatise each and every one in the entire State?

Mr WOODHAM: That has been mentioned on several occasions.

Have there been discussions between you, or anyone in your Department, with Commissioner Woodham or his Department in relation to privatising other prisons other than Cessnock and Parklea.

Mr BEZUIDENHOUT: I can—and I am under oath—categorically state that I have not had a discussion with the Department, nor have any of my colleagues have had a discussion with the Department, about privatising other prisons. We are not the instigators for the privatisation of Cessnock and Parklea—that is a Government decision. It is a Cabinet decision, as I understand it, and was obviously supported and motivated by the Department for the reasons that they have. We are not the people who are driving that process. All I can offer you, and the taxpayers of this State, is that there could well be significant savings to be made should it be outsourced and there will be great benefits to local community.

Ultimately, what nobody should forget, is if the Department calls for tenders—I understand there is something like four or five companies that will tender for this business—at the end of the day they will have five submissions or tenders that they can evaluate and see if those five tenders, firstly, meet all their contractual requirements, whether they meet all of their issues relative to rehabilitation, whether they meet all their concerns about public safety and security and still deliver a saving. If at that point there is no saving to be had by the Department, or by the New South Wales Government, then, ladies and gentlemen, there is no reason for them to privatise or outsource. It is as simple as that.

The Hon. JOHN AJAKA: But the reverse would then apply as well. If there are savings, there is every point in privatisation?

Mr BEZUIDENHOUT: But what I can also tell you is that it would be wrong, and it has not been done anywhere in the world that I am aware, to have the whole public system privatised. You need a mixed economy. We are competing not only with the competitors out there are, we are continuously competing with our colleagues in the public system. When I say "competing" it is like being on a treadmill. Because the innovation you introduce today, will be adopted tomorrow by somebody. You cannot stand still and sit on your laurels and not do anything else. We are continuously looking—I have programs I can bore you to death with—for continuous improvement programs and looking at how we can do it better, how can we do it more efficiently, how can we do it differently, what can we do to help the inmates in terms of rehabilitation, what is different? We look at those things continuously. That again, ladies and gentlemen, is one of the major benefits that we bring to the party.

The Hon. JOHN AJAKA: Likewise, the public system has to compete against you, if that situation exists. I ask you my final question before my colleague the Hon. Trevor Khan

takes over. Other than staff-related costs, what efficiencies does privatisation provide over a public system?

Mr BEZUIDENHOUT: Well, we certainly bring in different technologies. One of the things, if you do come to Junee, you will see it in operation, we have introduced the information kiosk, which gives the prisoner the ability instead of talking to the officer and asking the officer about visits or something very mundane, he could go to an information kiosk and it is a touch-screen kiosk where he gets all the information he wants. That is just a simple example. We have introduced in Australia, as I say, the concept of a high-risk assessment team, which evaluates the mental state of individuals, but it is comprised of a multidisciplinary team. We have introduced that. We have introduced, it is not necessarily adopted everywhere, but we have adopted a principle called "SAFE in Junee, SAFE in Fulham." There are many examples that I can cite.

The Hon. JOHN AJAKA: Not being certain of how much you know about the operating costs of a public system, leaving aside front-line workers and their starting costs, do you see a difference in the administration costs of a public system compared to the private system? As an illustration I guess I am talking about higher management, whether you want to call them bureaucrats or bureaucrat management teams, do you perceive a difference in that?

Mr BEZUIDENHOUT: I cannot comment about them, but I can tell you our management structure.

The Hon. JOHN AJAKA: Please do.

Mr BEZUIDENHOUT: It is very flat. You have got an Operations Director, for lack of better terminology, who looks after the operations in Australia. You have got a General Manager of the facility reporting to you. Reporting from an operational point of view to the General Manager you have got the Operations Manager of the facility. You have got Area Managers, you have got Supervisors and you have got Officers. I do not know how many layers there are in between corporate head office and so on, and that is how we manage. It also gives you that flat structure, specifically if we stick to the jail: General Manager, Operations Manager, Area Managers, Supervisors, Officers, and in some jails we do not even have that layering. It gives you a very close relationship with the inmates and a far greater understanding of what is going on on the ground on a daily basis.

The Hon. TREVOR KHAN: What are the classifications in Junee?

Mr BEZUIDENHOUT: Are you talking along the lines of minimum-medium classifications?

The Hon. TREVOR KHAN: Yes?

Mr BEZUIDENHOUT: In the Department's submission they actually have a detailed scenario of the classifications. It is A, B, C and it depends on the inmates; Junee is a minimum-medium security jail, but we have also got maximum-security inmates in terms of the remandees that we have there.

The Hon. TREVOR KHAN: How many remandees do you have?

Mr KARAURIA: We have 120.

The Hon. TREVOR KHAN: Is that number reasonably consistent or does it vary?

Mr KARAURIA: That number is very consistent.

The Hon. TREVOR KHAN: From where do the remandees come?

Mr KARAURIA: The majority of remands that we have at Junee are from the Riverina area, but we also cater for remand inmates from the metropolitan area as well.

Ms SYLVIA HALE: How many of those remandees are in maximum security?

CHAIR: Sorry, Ms Hale, it is not your time for questions. We will now go to Government members for questions.

The Hon. HELEN WESTWOOD: You talked about the fixed fee being based on bed capacity. Do you have a different fee scale for different categories of inmates?

Mr BEZUIDENHOUT: No.

The Hon. HELEN WESTWOOD: It is the same cost for each bed?

Mr BEZUIDENHOUT: Yes.

The Hon. HELEN WESTWOOD: Or each inmate?

Mr BEZUIDENHOUT: Yes. Frank?

Mr THORN: Yes.

The Hon. HELEN WESTWOOD: Do you have a certain number of beds per minimum-security inmates and a certain number for others; you have mentioned 120 remandees and they are all categorised as maximum security, is that correct? Could you tell me how many?

Mr KARAURIA: That is not all of them.

Mr BEZUIDENHOUT: Not all of them.

The Hon. HELEN WESTWOOD: How many maximum-security inmates would you have?

Mr BEZUIDENHOUT: It fluctuates on a daily basis. The clear distinction we can give you is that we have a minimum-security unit inside the fence of the jail, it is called C world in our terms. You will see it when you come and visit the place. That accommodates?

Mr KARAURIA: Approximately 240 minimum security.

Mr BEZUIDENHOUT: Minimum security.

The Hon. HELEN WESTWOOD: Then for medium security?

Mr BEZUIDENHOUT: Medium security will basically be the remainder of 790. Is it 240 or 140?

Mr KARAURIA: Sorry, it is 140.

Mr BEZUIDENHOUT: It is 140 in the C world minimum security and the rest for practical purposes you can say it is 650 mixed between medium and maximum security.

The Hon. HELEN WESTWOOD: What is your total number?

Mr BEZUIDENHOUT: It is 790.

The Hon. HELEN WESTWOOD: So you are always paid for 790 beds regardless of how many inmates who have?

Mr BEZUIDENHOUT: Yes.

The Hon. HELEN WESTWOOD: You said that your average capacity is about 97 per cent; do you have the capacity to exceed that? If the Department requested that you take 800 inmates for a day, do you have the capacity to do that?

Mr BEZUIDENHOUT: I am not trying to make light of the question, but it is a fairly technical question. Yes, we can, however, we need to then change the classification of some of the inmates because in some cases we, what it is called, we double up. We have got more than one person in a cell, but some people cannot be accommodated in a double-up configuration. So, if you want to double up the whole jail, depends on the classifications. The new tender requirements—can you just help me here, Frank—that ask for double up rates should we exceed the 790 beds?

Mr THORN: That is correct.

Mr BEZUIDENHOUT: But there is nothing—

The Hon. HELEN WESTWOOD: That is not in existence at the moment?

Mr BEZUIDENHOUT: It is not in existence.

The Hon. HELEN WESTWOOD: That is a future tender?

Mr BEZUIDENHOUT: But there is a rate that is applicable, let us say we go over 790, and it is normally in tranches of whatever unit it is.

The Hon. HELEN WESTWOOD: Would you have the number of times, say per year, when you have been required to go over 790 and had to double up?

Mr BEZUIDENHOUT: No. We have never been required to go over 790.

Mr KARAURIA: No.

The Hon. HELEN WESTWOOD: So you have not had to do it yet?

Mr BEZUIDENHOUT: No. What I need to point out is that we do on a regular basis, in fact as recent as last week we were asked to swap over a whole group of inmates for different classifications for different reasons that the Department has. That is one of the reasons why the Department works with us very collaboratively, because at one stage on very short notice we took in 40 inmates on a double-up arrangement when we had a capacity of 750 under the old contract. We took in 40 double-up inmates within the space of a couple of days. The only thing that held up the process was the availability of a physical bed, having a double bed in that cell. But we are flexible and we can take inmates and accommodate the Department in a very short period of time.

Mr KARAURIA: In the original contract that came into inception 16 years ago, the muster or the capacity was 600. Now it has evolved to 790 over that 16-year period.

Mr BEZUIDENHOUT: The original tender 16 years ago was only for a 600-bed jail.

The Hon. HELEN WESTWOOD: Were you involved in the design and construction of the facility at Juneee?

Mr BEZUIDENHOUT: The group was then to a degree, but I am not sure what their full involvement was.

Mr THORN: I think Thiess Constructions.

Mr BEZUIDENHOUT: Thiess was a construction company.

The Hon. HELEN WESTWOOD: Do you know whether the facility was designed to have more than 790 inmates?

Mr BEZUIDENHOUT: No, I do not think so. I think it was designed, the old 600.

The Hon. HELEN WESTWOOD: It was designed for that?

Mr BEZUIDENHOUT: Yes.

The Hon. HELEN WESTWOOD: Has there been any physical expansion of that centre since then?

Mr KARAURIA: There have been building upgrades that have occurred more recently. I think it was 2005 there was some rebuilding that went on in the facility.

Mr BEZUIDENHOUT: That had more to do with the gatehouse, a kitchen area, and I think a medical area.

Mr KARAURIA: Those three areas.

Mr BEZUIDENHOUT: Not necessarily the accommodation units. I am open to correction. Did they not add C world at some stage, a 140-bed minimum security? I do not know. None of us were there for that period of time. If you want us to come back to you on that question, we can do so.

The Hon. HELEN WESTWOOD: It would be useful if we could have that information. How do you categorise the 120 remandees that you have at the moment? For example, how many would you have in protection?

Mr KARAURIA: It can vary on a day-to-day basis because, obviously, the remand numbers will fluctuate on a daily sort of basis, depending on court appearances. It is difficult to give you a precise number. We probably could give you a statistic for a month or a year, but it is difficult for us to give you a daily classification number.

Mr BEZUIDENHOUT: If you want us to give you the different numbers—I do not know about an average—in terms of what we have of SMAPs or PRLAs, the different classifications of protection, we can do so. I think the best would be to take a snapshot rather because I am not sure how meaningful it is to do it over a period of time.

The Hon. HELEN WESTWOOD: What number of inmates would you have in protection in your general prison population?

Mr BEZUIDENHOUT: I think your unit is 150?

Mr KARAURIA: Yes. Look, on average probably about 60 per cent of our inmates that we have at Junee are on some form of protection. There are four different categories of protection and probably 60 per cent of them are on some form of protection.

The Hon. HELEN WESTWOOD: You talked earlier about having contracts in other States, and I understand that your group also runs prisons overseas. Could you tell me how your experience with the models that exist in other jurisdictions in which you have a contract differ from that in New South Wales?

Mr BEZUIDENHOUT: The group manages some 60,000 prisoners worldwide. It is about 6 times the number held here in New South Wales and about 2½ times the number held in Australia. We manage some 2,500 prisoners across Australia in Victoria, Queensland and New South Wales. By and large the contractual requirements are the same. You are given a contract with clear Departmental policies, procedures, requirements and standards that you need to adhere to. You report on a monthly basis against those standards and commitments and your performance indicators, and there will be some form of independent monitoring and/or auditing by the authority to come and verify what you have reported is correct.

In essence, that sums up the contractual arrangement that we have. Prisons are prisons. We manage a minimum-medium security facility down in Victoria. Also adjacent to that is a young offenders—when I say young offenders, it is for young men, not youths—open-style facility. It just has a courtesy fence around it rather than a security fence. The place is called Nalu. In Queensland we manage the maximum-security remand centre for south-east Queensland. I am not sure I am answering your question, if there is anything specific you would like.

The Hon. HELEN WESTWOOD: I wanted to know if you find very different models?

Mr BEZUIDENHOUT: Yes, there are different models around the world. You could start at the extreme end by design, construct, finance, maintain and management of the facility. Normally that contract will be for a 20- or 25-year period. At the end of that period the facility

would transition back to the government, or they can decide to extend your contract, but they have paid for the facility through monthly armortised fees. Then at the other end of it is with a government design, construct and finance of the facility and they just give you the management of it. And in between there are different variations.

The Hon. HELEN WESTWOOD: Do other jurisdictions have the same principle of commercial in confidence that exists in New South Wales?

Mr BEZUIDENHOUT: I think so. I am not sure.

The Hon. HELEN WESTWOOD: What about in other parts of the world?

Mr BEZUIDENHOUT: I know in Western Australia the contract is public.

The Hon. HELEN WESTWOOD: Would it deter you from tendering if you did not have the protection of commercial in confidence?

Mr BEZUIDENHOUT: Ms Westwood, I know there have been statements made that the information from Junee is scarce and not readily available. That is not my choice. If there is a tender that calls for the contract to be publicly announced and publicly displayed, that performance indicators are publicly displayed, so be it. There are very few secrets in this industry. I am sure that everybody in this room who works in the corrections industry would know how we are performing at Junee. The fact that it is not in the public domain is not my doing.

The Hon. HELEN WESTWOOD: My question was really about applying for a tender because some of the evidence that we have heard in the past would suggest that you need commercial-in-confidence to attract the private sector to tender for government work, services and projects. I am just asking whether or not it would deter your company from submitting a tender or an expression of interest if you did not have the protection of commercial-in-confidence?

Mr BEZUIDENHOUT: No, it will not, but there would certainly be issues that companies would be sensitive about. In every tender, or certainly in tenders here, we have to divulge a portion of corporate overheads as well as our profit margin. I would imagine that companies would be a little bit sensitive about publishing their profit margins and cost structures simply because in the competitive tender process for the future people would know what that would be. That is the only reason why we, as a company, would be sensitive. But if you are talking about performance indicators, like reporting against 165 performance indicators or 24 key performance indicators or however many there are, I certainly do not have any objection in having that public or tendering against a tender that would have that public.

The Hon. HELEN WESTWOOD: On the issue of employment opportunities for inmates, I know that in public-run prisons we have Corrective Services Industries, which provides a return to the Department and is often used for other good work in the community. Could you tell me about the employment opportunities and perhaps any industries that you have at Junee?

Mr BEZUIDENHOUT: At Junee, if memory serves me correctly, our contract standard is a requirement of 65 per cent at base level achievement of employment of inmates and 70 per cent as best practice. Again, to the best of my knowledge—I can take this on notice—we

have exceeded that 70 per cent handsomely every year in terms of employment of inmates, so we exceed 70 per cent of inmates eligible being employed.

The Hon. HELEN WESTWOOD: In what sort of industries are they employed? Could you give me specific details about the projects?

Mr BEZUIDENHOUT: What we do at Junee?

The Hon. HELEN WESTWOOD: Yes, what work inmates are doing and also what return there is from that to the inmates, to the community and also to GEO?

Mr KARAURIA: Projects that they undertake in the industries area at the moment include woodworking and engineering projects. One of the innovations that we have is that we invite local businesses in on an annual basis to identify what the skill deficiencies are in the community at that time and what work the inmates themselves and the centre can do to contribute to those deficiencies and skills base. It also provides the opportunity for us to utilise the TAFE to train these guys in these deficiencies, which increases employment opportunities. We also have employment in areas like libraries, cleaning services, working out on a farm, catering and community work as well.

Mr BEZUIDENHOUT: One of the major differences that you will find with Junee, and I am not sure which public jails you will be visiting, is that we have a kitchen on site that prepares the inmate meals. We do not source meals in cook-chill from corrections industries. There is a large number—not a large number, but certainly a number of inmates employed in the catering area, and also as part of the TAFE training, which would then up-skill them in terms of going out into the catering industry afterwards.

Mr KARAURIA: We also provide Meals on Wheels for the Junee community.

The Hon. HELEN WESTWOOD: Most of the employment opportunities are servicing other inmates within Junee—

Mr BEZUIDENHOUT: No.

The Hon. HELEN WESTWOOD: What external work are you doing?

Mr BEZUIDENHOUT: That is the industries area that we spoke about.

Mr KARAURIA: There are trailers, building garden sheds that go out into the community as well. We try to ensure that we have different organisations bringing their work into the centre, not just holding a monopoly on specific industries.

The Hon. HELEN WESTWOOD: And how is the profit from those industries distributed?

Mr BEZUIDENHOUT: Ms Westwood, anybody that tells you they make profit out of industries—I would like to see that. It does not happen. We do not, and we do not plan to, make money out of industries. You cannot make money out of industries. Certainly we do it more to make sure that the inmates are meaningfully employed in activity; that there is some up-skilling involved and so on. There is no profit in industries.

The Hon. HELEN WESTWOOD: So it does not provide a return to GEO?

Mr BEZUIDENHOUT: No.

The Hon. HELEN WESTWOOD: Does it cost you?

Mr BEZUIDENHOUT: Yes, and that is how we tender; we are cognisant of that cost.

The Hon. HELEN WESTWOOD: Do you have a cost per inmate that you build into your fee?

Mr BEZUIDENHOUT: No. I will give you a very good example. We assume that industries will be able to break even. In terms of a new contract, the contract that is commencing on 1 April and that we tendered for during the course of last year, we assume there will be a break even, so it does not cost anybody more or less, and we now need to go and find the work to fill and to fill it up to that capacity. If we do not, then we take the knock in our bottom line. It is as simple as that. So it is in our interests, and because we are in a competitive tender process you cannot load costs or anything, it is in our interests to go and find the work to make sure we break even.

The Hon. HELEN WESTWOOD: The educational opportunities that are available—you referred to Riverina TAFE?

Mr KARAURIA: Riverina TAFE will be coming on board with the new contract. Presently, with the current contract, we use East Gippsland TAFE.

The Hon. HELEN WESTWOOD: So teachers come in to the prison?

Mr KARAURIA: That is correct.

The Hon. HELEN WESTWOOD: Are there other educational opportunities or are they only provided through TAFE? Do GEO employ its own educators for inmates?

Mr BEZUIDENHOUT: No.

The Hon. HELEN WESTWOOD: So all of it is provided by—

Mr BEZUIDENHOUT: The local TAFE.

The Hon. HELEN WESTWOOD: Are all prisoners given the opportunity to pursue educational opportunities?

Mr McLEAN: Essentially the needs of inmates are individually assessed, so I suppose the answer to your question is yes. There is a limit on spaces in any educational position inside any prison and we will prioritise those who need it most, high needs and those who particularly cannot read or write, and those obviously approaching release we particularly identify, but it is absolute equality of opportunity.

The Hon. HELEN WESTWOOD: Do you have a large or significant number of indigenous inmates?

Mr KARAURIA: Yes, we do. I think the number we were quoted yesterday, when we visited Junee yesterday, was 100-plus identified indigenous.

Mr BEZUIDENHOUT: Yes, they said 140.

The Hon. HELEN WESTWOOD: Are educational opportunities provided to indigenous inmates that are culturally appropriate?

Mr KARAURIA: Very much so. I think one of the aspects of Junee in terms of its innovation is that we have a purpose-built cultural centre where we provide cultural-specific programs in conjunction with not only East Gippsland [EGIT] but the Riverina Community College and we provide literary programs and art skills programs as well, focused on indigenous inmates.

Mr McLEAN: And, in that regard, as important as the content of the program is the environment in which it is delivered. We deliver programs in the cultural centre and we find that then that encourages attendance as well. There are different ways to approach increase in participation of indigenous inmates.

Mr BEZUIDENHOUT: That is one of our major strengths, without going into commercial-in-confidence because it is well known. One of our major strengths is that we are extremely sensitive to cultural diversity and in Gorrie in Queensland we run possibly the best cultural centre in Queensland. In Junee I think we run a very good cultural centre and if you visit the facility you will see that it is actually purposely built and used quite extensively by the inmates. That is one of our driving forces.

Mr KARAURIA: It is significant to point out too that as well as our local community advisory group we have an advisory group with the Wiradjuri Wagga elders and they ensure that the cultural programs that we have in place for the indigenous inmates are appropriate.

CHAIR: We will now divide the balance of our time between the Opposition and the Crossbench.

The Hon. TREVOR KHAN: You talked earlier about design of correctional facilities. Is there an optimal size for a correctional facility from your perspective?

Mr BEZUIDENHOUT: No. I do not have a strong view on it, but I will give you a practical example. In South Africa currently the Government is tendering for 3,000-bed jails. One jail has 3,000 beds. We are currently running—not the current ones being tendered, but previously tendered—the largest private jail in the world and that is a 3,024-bed jail in South Africa. I understand from comment—and Dom actually worked there—that those become very difficult to manage. So I think you can have an optimal size, but I do not know what that is. On a costs structure, certainly 3,000 would be desirable, but whether from an operational infrastructure point of view it is desirable, that may be debatable.

The Hon. TREVOR KHAN: In terms of any of the facilities that your company operates throughout the world, how much input do you have in terms of the design of those facilities?

Mr BEZUIDENHOUT: Again it depends on the model that a State or a government employs. For instance, in some States in America, are exactly the same as here, government

would build, design, construct and finance. We would tender against that facility and get it, but in other cases we would do the full hog. As part of the tender submission around the world—and in fact in the United Kingdom they are doing the same—we would submit our design, construction and finance package and maintain the facility. So it is from one end of the spectrum to the other end of the spectrum.

The Hon. TREVOR KHAN: I take it in Britain the model is that you come up with the proposal?

Mr BEZUIDENHOUT: And in South Africa, the one I was telling you about, that is also on the basis of that model. In America you have a mixed one.

The Hon. TREVOR KHAN: Any other states or countries where it is "You come to us"?

Mr BEZUIDENHOUT: In Victoria we designed, constructed, manage and maintain the facility; so is the Port Phillip facility. Acacia was not. In South Australia they are looking at a different model where they invite design, construct, finance and maintenance of the facility, but the management stays with the State. You have all these variants on the models.

The Hon. TREVOR KHAN: I am actually interested in the variation of models, I suppose, so let's restrict ourselves to the Australian circumstance. In terms of the oversight of the facility, does the level of government oversight of the facility vary from State to State in the States where you have an input?

Mr BEZUIDENHOUT: No. In essence it is the same principle. We would report against whatever standards or performance indicators we are required to report to—contract standards—and there would be an independent monitoring body of some sort who would come and audit and verify that we do it accurately. In New South Wales it is done monthly; in other States it is not done monthly in terms of an audit function. Just bear in mind that there is another level of reporting, and that is the integrated offender management systems [IOMS], where any incident or any activity with a prisoner is reported on-line and the Department picks up from there and can verify against your reporting requirements also what has been reported independently and separately. At any given stage—and we encourage this—if you have 150 officers, you have 150 auditors who can check somebody else's work and make sure that they are doing the right thing. We encourage that.

Ms SYLVIA HALE: You have stated this morning that you would be happy to participate in a public non-confidential tender process. Can I deduce from that that in fact it is the Department of Corrective Services that is the driver for confidentiality in contracts that are being negotiated in the tender process?

Mr BEZUIDENHOUT: In terms of the contract, again, as I said earlier, that is the Department's choice.

Ms SYLVIA HALE: It is the Department that is pushing for confidentiality rather than your company?

The Hon. TREVOR KHAN: I do not know if this witness can answer for the internal machinations of the New South Wales Labor Government.

Ms SYLVIA HALE: As it clearly hampers what can be discussed, are you prepared to make your submission publicly available, excluding those parts you specifically want excluded?

Mr BEZUIDENHOUT: Yes.

Ms SYLVIA HALE: You will do that?

Mr BEZUIDENHOUT: Yes.

Ms SYLVIA HALE: Is it correct that in 2007 when prisoners were tested for having drugs in their urine that, in fact, 34 per cent of prisoners had drugs present?

Mr KARAURIA: That is correct.

Mr BEZUIDENHOUT: It is not 34 per cent across the whole year of 2007. It was in a month.

Ms SYLVIA HALE: They were subsequently retested. At one stage one-third of all prisoners, in effect, had drugs in their urine and it subsequently reduced to 15.8 per cent?

Mr BEZUIDENHOUT: I am not sure about that.

Ms SYLVIA HALE: That is what the Department of Corrective Services annual report indicates.

Mr BEZUIDENHOUT: I am not sure about that. I just need to make a point, Ms Hale. I am sorry to interrupt you rudely. It is not for 2007. It was a spike in one month. I think it was September 2007. What you have for that particular month, there was certainly a spike.

Ms SYLVIA HALE: Subsequent testing showed that 15.8 per cent of prisoners had the presence of drugs in their urine; they tested positive. That is compared to the average within publicly operated systems of 12.1 per cent. So we have one instance of one-third of all prisoners appearing to have been using drugs—

Mr KARAURIA: For that specific month.

Ms SYLVIA HALE: At that time. What is the explanation for that spike?

Mr KARAURIA: The simple explanation for it is that as a reception centre our population varies. Of course, we are required under Departmental legislation to random test our inmates on a monthly basis. We will have spikes and we will have troughs in terms of positive returns. For the month of February this year we had no positive returns.

Ms SYLVIA HALE: Presumably this applies to prisons right across the State?

Mr KARAURIA: That is right, and you will find that there are spikes in the public centres as well.

Ms SYLVIA HALE: But the average for the publicly operated system is 12.1 per cent whereas the average for Junee was 15.8 per cent.

Mr BEZUIDENHOUT: I think you are quoting it out of context, with all due respect. I am not sure; I have not seen that particular part of the submission. The 15.8 per cent, if I understand you correctly, is referring to that 34 per cent?

Ms SYLVIA HALE: No, it is referring to the average rate of presence of drugs over the year, according to the Department of Corrective Services.

Mr BEZUIDENHOUT: In some other submission of the Department I know that they have indicated that our rate of random urinalysis is in line or marginally even below theirs. I genuinely cannot comment about that 15.8 per cent. It is not our figure.

CHAIR: The time for questions for this session has expired. I thank you very much for your attendance here today. Together with any questions that you have specifically taken on notice, would you agree to receive additional questions from Committee members?

Mr BEZUIDENHOUT: Yes, by all means.

CHAIR: We have given you some indicative draft questions. Any of those that were not dealt with today, would you be happy to answer those as well?

Mr BEZUIDENHOUT: Yes.

CHAIR: The Committee secretariat will be in contact with you in relation to those questions. The Committee, as a general guideline, requires answers to questions on notice within 21 days from the date on which the questions are forwarded by the secretariat. Is that satisfactory?

Mr BEZUIDENHOUT: Perfectly. Madam Chair, just to make sure, the questions that were asked that we said we would take on notice, I did not take any notes of what those were.

CHAIR: The secretariat has taken a note of those.

Mr BEZUIDENHOUT: Certainly we will look, as requested by Ms Hale, in terms of our submission being confidential. We can maybe highlight the one or two little paragraphs that are confidential. It really has to do with, as I indicated earlier, possibly more in the financial area than anything else.

CHAIR: Thank you very much for your attendance.

(The witnesses withdrew)

(Short adjournment)

ROBERT JOHN LIPSCOMBE, President, New South Wales Teachers Federation, 23-33 Mary Street, Surry Hills, and

PETER JOHN DE GRAAFF, Organiser, New South Wales Teachers Federation, 23-33 Mary Street, Surry Hills, affirmed and examined:

CHAIR: I welcome representatives of the New South Wales Teachers Federation, Mr Bob Lipscombe, President, and Mr Peter de Graaff, organiser. If you should consider at any stage that certain evidence you wish to give or documents you wish to tender up should be heard or seen only by the Committee, please indicate that fact and we will consider your request. If you take any questions on notice today the Committee would appreciate that your responses are returned to the Committee secretariat within 21 days after the date the questions are forwarded to you. Before the Committee starts questioning, would you like to make an opening statement?

Mr LIPSCOMBE: Yes, I would. This is, of course, to supplement the written submission we have made to the Committee. Just to reaffirm, the New South Wales Teachers Federation is opposed to the privatisation of prisons. We are strongly of the view that it would be detrimental to the rights of workers currently employed there and jeopardise inmates' access to quality education and vocational training. We hold fundamentally that the provision of corrective services prisons in New South Wales and elsewhere is the responsibility of the State and it is best discharged by the State operating directly in that field. We believe that to privatise prisons really harks back to a bygone era where the lowest tenderer was used to provide inadequate prison services under a range of situations.

In relation to the proposed privatisation of Parklea and Cessnock Correctional Services Centres, we have little doubt that the change will impact adversely on those of our members employed in those institutions, as well as, of course, many other employees and public servants employed in those centres in New South Wales. Our members, of course, work as senior correctional education officers. Correctional education officers are teachers and these teachers are both university qualified and highly experienced in education provision and providing educational services within the corrective services. The experience at Junee Correctional Centre, a privatised correctional centre in New South Wales, indicates clearly that those who choose to move to a privatised prison, should that be an available option under the State Government's plan, will be unable to maintain their status of permanent employees other than in the short term.

Again, experience with Junee indicates that those who started off as permanent employees, those educational officers who worked in the Junee setting when it was established, only had a very short period when they were able to maintain their employment before the operator of that centre, GEO, moved—first to East Gippsland TAFE and the provision through that which resulted in the employment of casual staff and, more recently, moved from that provider to the Riverina's Institute of TAFE New South Wales. We are yet to see how the teachers are employed to make that provision at Junee, but we believe again it will be on the basis of casual labour and part-time labour.

While our members at Parklea may have an opportunity to move to other corrective services institutions in New South Wales, and certainly within the Sydney region, we do not believe such an option is realistic for those who are employed at Cessnock. We believe that those who are not mobile—and we expect that to be the majority of teachers employed at Cessnock—will face unemployment and an extremely difficult time. The lack of a measure of strength to the

family and other commitments in the area will mean that they will not be able to maintain full-time employment and, as a consequence of any privatisation of the jail, will face significant difficulties in maintaining their families and their personal situations in that area.

If you look more broadly at the question of educational provision in prisons in New South Wales, it is worth noting that the most recent figures we can obtain from the annual reports of the Department of Corrective Services—and admittedly they are about 10 years old at this stage—indicate that around 85 per cent of inmates in New South Wales prisons have not completed year 10. However, a more recent figure published by the Department of Corrective Services indicates that 65 per cent of inmates have low levels of literacy, numeracy and communication skills. It is also worth noting that many inmates serving relatively short sentences—the majority of inmates, I am informed—are likely to move three or four times during their stay within the Department of Corrective Services.

This is important when you start looking at issues around the educational provision and the continuity of that educational provision. We believe that again by maintaining a full-time presence and a corrective services presence within these jails, especially in relation to educational services, there is much more likelihood of their being able to maintain that sort of continuity as inmates move around the prisons in New South Wales to meet the operational needs of corrective services. Again we believe the experience with Junee, a privatised prison, does not augur well for the ability to maintain that sort of continuity of provision across corrective services.

It is interesting to note in relation to Junee that the statistics produced by the Department of Corrective Services suggest that there is a very much higher completion rate of courses and modules at a corrective services centre. The first point I want to make about that is that you are really comparing apples and oranges. The provision at Junee is through East Gippsland TAFE in Victoria. If you were to believe the statistics provided by corrective services, nearly half the completions by inmates of educational courses in New South Wales prisons occur at Junee. If you do the long division, in terms of the number of hours which are included in the report by East Gippsland TAFE as to the number of hours they provide across the three prisons they operate, two in Victoria and one in New South Wales, they are doing an educational provision around about every seven hours or so.

That is an extraordinary rate, especially when you consider that many of the courses operating in New South Wales and the rest of the corrective services include courses that run for 36 or more hours before the students are able to claim completion of the course. We are at a loss to understand the assertion that there is a much higher completion rate at the privatised prison as opposed to the rest of the prisons in New South Wales. We believe the figures lacked credibility. We believe there has been no serious attempt to compare like with like in relation to that provision.

We also note that the prison at Junee is unable to provide traineeships, unlike the other prisons in New South Wales. Those traineeships, of course, are a very important part of the educational provision, especially when you look at the role of corrective services in relation to rehabilitation and when you consider the figures I mentioned earlier about the number of people in our prisons who have not completed year 10 and who lack basic literacy, numeracy and communication skills. The sort of traineeships we are talking about are traineeships in areas like horticulture, building and construction, and printing.

I could go through a whole list of those traineeships provided in the other prisons in New South Wales, with the highly qualified and experienced teaching services available to them, as opposed to what is happening at Junee. We are unaware of any traineeships being completed at Junee and we have been unable to obtain any data that suggests that any courses have been completed there. Our advice is that they are unable to offer traineeships at Junee correctional centre.

If you look at the data on the operation of privatised prisons and the educational services and completion rates, which seems to be a major feature of corrective services around this issue, if you look at the provision in New South Wales compared with Victoria, and noting that the two privatised jails are operated by the same operator that operates the privatised prison in Junee, the figures are very much the same. The number of inmates who participate in educational courses in New South Wales for the last year for which we have available figures is 32.3 per cent; in Victoria it was 32.5 per cent over a similar period.

The actual number of students as a percentage participating is very similar, despite there being a greater proportion of inmates in privatised prisons in Victoria, where on the surface one might be led to believe that there is a better provision of educational services. Those figures and the ones I referred to earlier really raise questions about how much more effective a privatised system is in providing those educational services. In fact, we believe it indicates that they are less effective and less able to provide those services across corrective services.

I mentioned earlier the ability to provide continuity of educational services across a range of settings when inmates are likely to move during their sentences. Corrective services again has developed a very detailed and very efficient method of tracking a copy of what is used here, to ensure that when an inmate moves from one prison to another prison their educational needs are assessed and reported accurately and appropriately to the new prison to which they are going so that there is the best opportunity to provide that continuity. We are not going to claim that all inmates necessarily are able to continue their educational provision. Completing a course has the most data in one setting when they move to a new one. But nevertheless, we believe this system maximises their opportunities to do so. Again, there is not the same evidence of the transition between Junee and the other corrective services settings in New South Wales. We believe that certainly evidence exists between those centres operated by the Department of Corrective Services in New South Wales.

CHAIR: Are you happy to table that document?

Mr LIPSCOMBE: Sure. I will finish there if you like.

Document tabled.

The Hon. TREVOR KHAN: May we start where you ended? What is the document you held up called?

Mr DE GRAAFF: It is an educational file for the Department's Adult Education and Vocational Training Institute. That is the institute within the Department of Corrective Services that delivers to inmates within New South Wales, and teachers employed by corrective services work in that capacity. The file follows the inmates around the correctional system. If inmates start a course, it allows a teacher to then follow that on in another correctional centre with the same course, and it allows students to complete competencies. It also collects evidence on student completions. In the past they used running sheets, but now a lot of data is entered on the

electronic system. Inmates' progress in classes and inmates' attendance in classes is also recorded electronically, and that contributes to evidence-based reporting, which then goes to the Parole Board and also to the Serious Offenders Review Council, et cetera.

The Hon. TREVOR KHAN: I make the observation that that style of record keeping would have been suitable in about 1965 and in fact was produced at about that time. It is that sort of old style of maintenance of records, is it not?

Mr DE GRAAFF: No, it is actually a trim system. The trim system is a fairly recent innovation. I can tell you for a fact that initially the system was devised in around 1995-96 and went to the Vocational Education and Training Accreditation Board for accreditation and implementation to see whether it met the compliance requirements for Australian qualification training system. I know that for a fact because I was involved in developing it.

The Hon. TREVOR KHAN: That all could go on computer, could it not?

Mr DE GRAAFF: There is a lot of stuff that goes onto computer now and there is obviously a new electronic system that allows teachers in Corrective Services to record which class a student is in, what modules they have been studying and to put on case notes if they require it and teachers quite rigorously do that. The information that we have, and I have seen this myself—

The Hon. TREVOR KHAN: I do not want to cut you off, but the answer is yes, all this could go on computer?

Mr DE GRAAFF: Some of it could go on computer.

The Hon. TREVOR KHAN: If it were on an intranet system, that could be shared across all prisons in New South Wales, could it not?

Mr DE GRAAFF: The advice I have and experience which we have is that inmates who come from Junee very rarely—and I was at Tumberumba at Manus Correctional Centre last week and the teachers there advised me that when they get students who have come from Junee, there is very little information on their education file and, as I understand from advice I received from the Department yesterday, very little information goes onto the electronic system from those teachers employed by East Gippsland TAFE.

The Hon. TREVOR KHAN: Have you or the federation taken up the issue of the lack of appropriate transfer of information between Junee and other prisons?

Mr DE GRAAFF: Well, I would have thought that was an issue for the Department of Corrective Services, particularly since in the submission they provided to the inquiry they have stated how great what they believe the provision is at Junee. From my experience and experience of my colleagues in Corrective Services there has been very little documentation to go along with it.

The Hon. TREVOR KHAN: That may well be true but has the federation taken up the issue with the Department?

Mr DE GRAAFF: As I said to you, I spoke to the assistant commissioner yesterday afternoon in regard to this matter.

The Hon. TREVOR KHAN: Excellent. Can I go back to the issue of the credibility of some of the records relating to the training at Junee? Can you just explain, Mr Lipscombe, precisely what you say is the disconnect?

Mr LIPSCOMBE: The data in terms of courses completed for Corrective Services, in Corrective Services overall we are told that there were over 8,000 completions system-wide and we are told 4,900 of those are at Junee. Taking 4,900 away from the 8,000 completions across the State, we have been told that well over 50 per cent of completions are occurring at one prison in New South Wales. That beggars belief in the sense that there are so many completions. If you do the long division, on the data we get of East Gippsland in Victoria, the completions are running very few hours.

Many courses are provided and I mentioned the accredited traineeships provided at Cessnock and Parklea that might run for 36 hours or more. It is not possible to have that sort of completion rate across the system. We challenge the Department of Corrective Services to provide a breakdown of the data to give a realistic comparison between what is happening in the other prisons in New South Wales compared to what is happening in Junee.

The Hon. TREVOR KHAN: You raised the issue before of comparing like with like?

Mr LIPSCOMBE: That is right.

The Hon. TREVOR KHAN: Is it one of the problems that the data is so raw that it is essentially unintelligible?

Mr LIPSCOMBE: We believe the data that is available for Corrective Services generally is intelligible; we can make sense of that, and perhaps that is to do with experience and how the New South Wales systems operate, but we have great difficulty with making any sense of the data in relation to Junee. Either they are running extremely short courses and therefore you get very high completion rates by virtue of those very short courses as opposed to much longer courses operating generally in New South Wales or there is something else there that we do not understand.

What we are saying is that clearly you are not comparing like with like, given the nature of the courses that we know operate in Corrective Services generally across the State as opposed to the data we are getting from that. To suggest that Corrective Services stood by for a number of years, if it is really true that Junee is actually providing more than 50 per cent of completions in New South Wales, it is a scandal for the management of Corrective Services in New South Wales that goes back many, many years. We do not believe that the data is actually comparable in the way that Corrective Services may have suggested.

Mr DE GRAAFF: The traineeships that were offered at Cessnock, for example, in general construction take over a year to complete.

The Hon. TREVOR KHAN: I will talk in terms of my former client base, a lot of the fellows who would come to visit me for their next round of court appearances would have in their folder or stuffed in the bottom of their bag a whole lot of little certificate of various colours that you would not say were completion of traineeships; they were completion of some woodworking course or a first aid certificate or something else. The nature of the courses that a lot of these fellows do are not traineeships. They warrant the issue of a small photocopy small coloured piece of paper.

Mr DE GRAAFF: Some of the courses are obviously statements of attainment. For example, the first aid certificate is offered in quite a few jails in New South Wales. There are two reasons for it; one is that inmates who have that first aid certificate are able to get employment in the building industry on release because it was recognised by WorkCover. The other reason why it is done is at a lot of the correctional centres at the front entrance at the remand centres and maximum security centres offered some of those courses because it was very useful to have inmates who had that first aid certificate so they could go out with other inmates in case there were issues related to self-harm. They are fundamental issues.

The Hon. TREVOR KHAN: I do not doubt you. It is a demonstration of whether we are comparing like with like.

Mr LIPSCOMBE: Could I say we are not questioning the validity of some of the qualifications issued through Junee. We are not saying they are worthless or of no value. We are just saying it is very difficult to compare with the lack of information we have about Junee, what they are doing compared to Corrective Services generally in New South Wales.

The Hon. TREVOR KHAN: I think you went a bit further than that, Mr Lipscombe. I think your terminology was "lacked credibility".

Mr LIPSCOMBE: I did not say the courses, I said the data lacks credibility. I was very careful about that. I am not questioning the individual courses; I am questioning the data there. One of the issues we are concerned about with the privatisation of prisons in New South Wales is that data becomes reasonably inaccessible because of commercial in confidence issues around those and the fact that the private provider wants to tender for other prisons in New South Wales or Australia at some other stage and therefore a lot of the data is commercial in confidence data as well.

The Hon. TREVOR KHAN: In terms of the experience of your members at Cessnock, how many are there and have any of them sought to take redundancy, as best you know?

Mr LIPSCOMBE: We are not aware of any seeking to take redundancy at this stage. We are aware, and we have had resolutions from the staff at Cessnock, the teachers employed at Cessnock, that they are very, very concerned about their future.

The Hon. TREVOR KHAN: I accept that. How many are there?

Mr DE GRAAFF: We have 11 members there.

Ms SYLVIA HALE: In terms of the courses that are supplied, who determines what courses will be offered within the Department and within Junee?

Mr DE GRAAFF: The Department of Corrective Services Adult Education Vocational Training Institute has a range of courses, which are listed on its scope and they are listed in the submission. Obviously the courses which are delivered at various correctional centres relate to the capacity of those correctional centres to deliver some courses and they will differ from say a maximum security centre down to a minimum security centre and obviously some of those courses will be industry related.

There will be some courses, for example, like the construction industry, which is related to the demountables at Cessnock, the printing industry at print shops at Parklea. At Long Bay there are hospitality traineeships related to the Long Bay cafe, which provides meals to the staff. At Silverwater complex there are traineeships being offered around food deliveries across the State. There are a range of traineeships, which are offered at various locations and how those courses are implemented or chosen, is there is consultation on the ground with senior education officers and discussion with head office.

There have been times, when I was a senior education officer, where inmates and the inmate development committee would request certain programs, so there would be quite a lot of discussion that will take place. At Junee, as far as I am aware the courses, which are offered there relate to the kinds of courses that are on their scope and I guess the decisions made around those are between the operator and East Gippsland TAFE and how they operate in Sale.

Ms SYLVIA HALE: So there is no necessary consistency between courses that are offered at Junee and others that are offered. Does this make for problems for inmates who are transferred into and out of Junee?

Mr DE GRAAFF: Yes, it does, because inmates go to Junee and many of the courses which they were doing at Junee are not then offered there because the courses were not in their scope or they are a different kind of course. For example, in terms of the adult basic education courses, which are delivered in New South Wales, the curriculum which is offered in New South Wales correctional centres that are operated by the Department of Corrective Services, the AET curriculum that was devised by New South Wales TAFE, the Victorian TAFE system has a completely different course. We would see this on inmates' education files, they would come back from Junee and they had been enrolled in courses and there was no similar course in New South Wales.

Ms SYLVIA HALE: When East Gippsland was providing the courses at Junee, their courses were not parallel to or of a similar content to that of New South Wales?

Mr DE GRAAFF: There was no continuity for the inmates. There might have been some continuity in that there may have been a similar provision but there was actually no continuity for an inmate at that time when they were at that correctional centre.

Ms SYLVIA HALE: You said that as far as you knew there were no traineeships offered at Junee. What distinguishes a traineeship from other courses and is it a more expensive form of education to offer or is it less expensive?

Mr DE GRAAFF: There are a lot of short courses offered in Corrective Services. In terms of adult basic education courses, there are longer courses and inmates can follow them as they go from centre to centre. Traineeships are specifically related to industry and they get inmates job ready for employment in industry and they provide them with pathways upon release. For instance, those inmates at Cessnock who were involved in the construction traineeships were then able to go from TAFE and continue into an apprenticeship but were also able to continue working in the construction industry. At Cessnock some of their trainees then went on to the State training awards, so it was being delivered at a high level to those students and recognised properly.

Ms SYLVIA HALE: When Junee first opened the educational courses that were offered were consistent with those that were offered throughout New South Wales?

Mr DE GRAAFF: My recollection is that that is not necessarily the case. When Junee was first opened they employed a number of teachers directly. When those teachers then sought to improve their conditions of employment, they actually contacted me at the time and because they were employed privately we referred them to the Independent Education Union, but those teachers, as I recollect, were essentially all dismissed and summarily marched out from the correctional centre and it was widely reported in the media at the time.

Ms SYLVIA HALE: How long ago did that occur?

Mr DE GRAAFF: That would have been possibly around 1995-96, somewhere around that time.

Ms SYLVIA HALE: Have you heard any indication as to why you think Junee ended the contract with East Gippsland and are now transferring to Riverina TAFE?

Mr DE GRAAFF: I have had no feedback about the reasons for that. I did have to go to Junee some time ago because the TAFE teachers at Junee, even though ostensibly they were covered by the Australian Education Victorian branch, there was an occupational health and safety issues that arose at the correctional centre. Given that the Occupational Health and Safety Act is within a State jurisdiction, I went there and I have to say that the teachers there were concerned at the time about the constantly changing industries in the centre, about their lack of being able to provide courses to meet the industries there, and they were concerned around some other issues relating to their employment conditions and a range of other things.

Ms SYLVIA HALE: I did ask you as to what was the nature of the traineeship. Have you any indication as to why no traineeships are offered at Junee?

Mr DE GRAAFF: As I understand it there are some legislative impediments. As I understand the situation as it has been described to me, there is an arrangement which exists between the Department of Corrective Services, the Department of Education and Training and TAFE through a memorandum of understanding, which allows them to operate traineeships in a pilot manner. There are some legislative impediments because strictly speaking inmates are not strictly employees of the government or the Department, although they are employed by corrective services industries. So there have been arrangements which have been put in place which allow the traineeships to be offered, and I understand that currently the Department is implementing 500 traineeships across the system, but none of those will go to Cessnock or Parklea because of the state of uncertainty in those centres.

Ms SYLVIA HALE: So that is a foreclosing of the opportunities for inmates at those facilities?

Mr DE GRAAFF: That is right.

Mr LIPSCOMBE: We are unaware of any impediment which would have prevented the management at Junee entering into an arrangement with TAFE NSW, for example, a similar arrangement to the traineeships. So we are at a bit of a loss as to why—

The Hon. Trevor Khan: Sorry?

Mr LIPSCOMBE: We are unaware of any impediment or any attempt by the management of the Junee Correctional Centre to enter into any sort of arrangement with TAFE NSW, for example, which would allow them to offer traineeships. We think it is most unfortunate that traineeships have not been provided there, given that there are industries operating in the prison and that is the basis on which traineeships have been offered in other prisons in New South Wales.

Ms SYLVIA HALE: You think one of the roles of the Department of Corrective Services could be to facilitate the overcoming of those impediments, would that be correct? Would that be in the interests of prisoners, in your opinion, if those impediments were removed?

Mr LIPSCOMBE: We would certainly support the offer of traineeships at all prisons in New South Wales. As Peter has indicated, we see them as very worthwhile; they help make inmates employment ready, and that is much more than some of the other courses offer.

Mr DE GRAAFF: We certainly think that inmates should be getting real training which leads to real jobs, and the traineeships allow that to occur.

Ms SYLVIA HALE: In your submission you talk about the commissioner's discretion to deny access to education to inmates—I am looking at page six here—and you preceded that with an argument that in fact the ability to access appropriate education is a fundamental human right. If the commissioner has that power within the public system does the management of Junee have a similar power to deny access to inmates to educational opportunities?

Mr DE GRAAFF: I am assuming yes they do, because anything that the commissioner condoned—I guess any delegation which the commissioner has in that sense can be delegated onwards, and in this sense the commissioner has a delegation to approve or not approve the implementation of educational programs. Obviously, our position has been one where we believe there should be legislation that guaranteed the provision of educational programs. We do not think that it is untenable for the commissioner not to have some discretion in that regard. We think that if the Parliament thinks and if the community thinks—and we think the community does think—that inmates should have access to educational programs and that there should be a guarantee of that provision, then the Parliament should legislate in that way and the commissioner should be bound by it.

Ms SYLVIA HALE: All the more so in a private context which is not accountable?

Mr DE GRAAFF: Absolutely.

Mr LIPSCOMBE: As I say, we have made representations to Ministers on that very topic of that provision.

CHAIR: We will now go to Government members for questioning.

The Hon. HELEN WESTWOOD: You talked earlier about the casualisation of staff at Junee. Could you give me a comparison to the casualisation rates for educational staff at publicly operated prisons?

Mr LIPSCOMBE: They are permanent employees with the odd exception that somebody may be, as part of the TAFE program, brought in, but generally they are permanent employees. That is important not only in terms of education provision but we believe it is also

important in terms of security provision in jails where permanent employees are much more able to manage security issues around inmates in jails. We have had examples in the past where a small number of people have had casual employment through TAFE for particular courses operating where they have been subjected to pressure from prisoners and so on, which would not be available had they been permanent employees, where prisoners threaten to boycott courses; cost to your employment—people just will not come to these classes, those sorts of things. So it raises issues around security and education.

The Hon. HELEN WESTWOOD: At most of the publicly operated prisons do they have one person to be responsible for coordinating and planning education services to inmates for that facility?

Mr DE GRAAFF: At every correctional centre there is a senior correctional education officer whose role is obviously coordinating the courses and timetabling teachers, but also too at the Department's head office there is a principal who has statewide responsibility for the delivery of educational programs.

The Hon. HELEN WESTWOOD: Is there an equivalent position or unit within the private operators?

Mr DE GRAAFF: Not that we are aware of, no.

The Hon. HELEN WESTWOOD: You talked about traineeships and the opportunities that they provide for prisoners to be job ready when they are released and you have also mentioned that Parklea and Cessnock have not been considered in this latest round of offers of traineeships. What impact is that having on your members at those facilities?

Mr DE GRAAFF: Our members are very upset, and they are quite rightly upset. I went up to Cessnock two weeks ago and met with our members up there and I have also been in contact with our members at Parklea, and obviously they are very, very upset by the changes that have been proposed. These are dedicated professional educators. At Cessnock they have created programs such as the Nangy Kungar program, which takes Aboriginal inmates, which gives them the opportunity to go into construction traineeships; it gives them an opportunity to develop cultural skills and learn about their culture, as well as improving their basic education and also participate in drug and alcohol programs. This was something that was devised in the centre and has been well recognised by the Department itself as something that is extremely worthwhile, and the staff are very upset because the work that they have put in will be taken away from them.

Mr LIPSCOMBE: It goes back to our point earlier about being work ready. I am thinking again of that data I gave you earlier about the number of inmates who have not completed the school certificate, the number of inmates who lack basic skills in literacy and education skills. The traineeships seem to us to be a very effective way of assisting inmates to integrate back into society and subsequently reduce the recidivism.

The Hon. HELEN WESTWOOD: What guarantees have been given to your members at Parklea and Cessnock in terms of their positions should the privatisation proceed?

Mr DE GRAAFF: There have been no guarantees in the sense that we understand that the commissioner has sent letters to everybody in corrective services, or those centres that have been targeted for privatisation, saying that they will find jobs for them. But we know that those, particularly at Cessnock, will find it difficult to get jobs simply because they have community ties

in the Cessnock area; for those who have got mortgages it is probably not the right time to sell a house; and there are no correctional centres within close proximity to Cessnock for them to move to.

The reality is that they are currently permanent employees and it may very well end up that they end up working at Cessnock in a privatised capacity for a private provider or for TAFE but it could very well be in a casualised capacity. So they will lose their employment rights. Again, those at Parklea—I saw one of my colleagues from Parklea yesterday who was out at Long Bay looking around and he has basically been told, "Try and find a job somewhere otherwise you will be made supernumerary and you will probably lose your job after 12 months".

The Hon. GREG DONNELLY: I am not quite sure who made the comment but I thought I heard you say that in terms of the best information available about education programs in jails in New South Wales and related matters associated with expanding those courses and the outcome of the courses, the best information we have got is 10 years old.

Mr LIPSCOMBE: No. The reference is one that I made on the information about the number of inmates who have not completed year 10—that is from reports of the Department of Corrective Services.

The Hon. GREG DONNELLY: Sorry, it is my poor hearing; I thought your comment was referring to information.

Mr DE GRAAFF: In about 2001 the Department stopped publishing data about the educational needs of inmates and instead started moving towards national benchmarks, which are the benchmarks published in the government report on services. You will see that there are benchmarks on education, and they are very, very simple benchmarks about the number of inmates who participate in vocational training or in secondary education equivalent courses or that kind of thing.

The Hon. GREG DONNELLY: But in terms of basic information like completion rates of programs—and let us put aside for a moment what the programs are, we assume they are being conducted—some courses may be longer than others and some may be more useful than others, but in terms of completion rates, is that information readily available?

Mr DE GRAAFF: The Department of Corrective Services annual report publishes data on the number of statements of attainment that were issued and the number of course completions, but in terms of what happens at Junee I have to say that in a number of years this is the first time I have seen information about Junee, and the form in which it was in in the Department's submission I think is quite unusual. I did go back and check against the annual report for East Gippsland TAFE to see the number of hours that they were delivering and the number of students, and I guess when you start doing the long division it does not seem to stack up.

The Hon. GREG DONNELLY: Are you saying in that report you have referred to, which I gather is annually produced, about completion rates of programs and what have you, that that produces information for all jails except Junee, is that the issue?

Mr DE GRAAFF: It is not clear to us whether that is the case, but when you compare the indicators from both New South Wales and Victoria against each other you would see that the difference in the participation rates is negligible. Where the substantial difference is that in

New South Wales there is a higher participation concentration on adult basic education programs, or secondary education equivalent courses, whereas in Victoria I think there was only a 0.5 per cent level of participation in that area.

The Hon. GREG DONNELLY: If we could talk about trying to get a handle on the courses that are available through the Junee jail. You indicated that East Gippsland TAFE oversees the programs in Victorian private jails and the Junee jail. Does the East Gippsland TAFE oversee courses in public jails in Victoria?

Mr DE GRAAFF: I am not aware that they do. I know that they deliver programs at Sale and also at Lara, which I think is where the Barwon prison is, and both of those correctional centres, as far as I am aware, are managed by GEO.

The Hon. GREG DONNELLY: The only reason I was asking was because with your sister organisation in Victoria, the Victorian Teachers Federation, they have not been able to give you any insights into what is being taught in—

Mr LIPSCOMBE: We can certainly pursue that information for you and get that information for you.

The Hon. GREG DONNELLY: More for yourselves. I would have thought that you would have been interrogating them quite vigorously to find out what they know about what is being taught in the jails in Victoria, particularly with regard to the privately owned ones.

Mr DE GRAAFF: As I understand it, and going back a number of years, there was a consortium where TAFE Victoria delivered across all correctional centres, but then under the Kennett Government the TAFE system in Victoria was broken up and corporatised into 17 separate institutes of which each was a separate employer, and then each of those institutes then competed very vigorously against each other. I understand that in recent years at, say for instance, the Lara facility, there had been delivery taking place there by the Gordon Institute in Geelong, but in the last two years that has been taken over by East Gippsland TAFE, who seem to have a relationship with GEO.

CHAIR: That concludes the time we have for this part of our hearing. I thank you very much for coming along today and for putting in your submission. Along with any questions that you took on notice today would you agree to receive additional questions that members of the Committee may not have had the opportunity to ask you?

Mr LIPSCOMBE: Yes.

Mr DE GRAAFF: Certainly.

CHAIR: The Committee has resolved to request answers to questions on notice within 21 days of the date that you receive them from the secretariat. Thank you very much for coming along today. Your evidence has been valuable to us in trying to sort out what is going on.

(The witnesses withdrew)

JAMES ALEXANDER RYAN, Member of Community Against Privatisation;

TANYA MAREE ROE, Spokesperson for Community Against Privatisation; and

MARIE LOUISE HOWELL, Spokesperson for Community Against Privatisation, affirmed and examined:

CHAIR: If you should consider at any stage that certain evidence you wish to give or documents you may wish to tender should be heard or seen only by the Committee please indicate that fact and the Committee will consider your request. If you do take any questions on notice today, the Committee would appreciate it if a response to those questions could be sent to the Committee secretariat within 21 days of the day on which the questions are forwarded to you. Would any of you like to make an opening statement?

Ms ROE: We would all like to make an opening statement but I will start. Community Against Privatisation [CAP] is a non-political community group based in Cessnock, whose aims are to bring the attention of the public to issues surrounding the privatisation of prisons in New South Wales. Madam chair, we would like to briefly address the Committee on the following points. Firstly, I would like to address the bullying and harassment of prison officers and their families, which is currently taking place. Secondly, Marie Howell would like to address the extent of feeling and passion in the Cessnock community, which has produced a petition of over 3,000 signatures, and the commitment of our group to mount a community guard around the gates of Cessnock jail if the Government tries to move prisoners by stealth again.

CHAIR: Before we proceed any further, Ms Roe, Ms Howell and Mr Ryan, I would like to advise you that the Committee is interested in collecting evidence that relates to the specific terms of reference of this inquiry. The Committee is aware that there is currently industrial action affecting the operation of Cessnock jail but that is not the focus of this inquiry. Would you please ensure that your comments relate specifically to the terms of reference about the issue of privatisation of prisons and prison-related services? The Committee is not in a position to get involved in the current industrial climate at Cessnock.

Ms ROE: Thank you. Thirdly, James Ryan would like to present the impact on the wider Cessnock community if privatisation goes ahead. Madam chair, we request that the three representatives here today be able to give a short opening statement of a few minutes each before taking questions.

CHAIR: That is fine.

Ms ROE: We are a community under siege and this is our story. Last week approximately 55 staff at Cessnock Corrective Centre were advised by the General Manager that they were to be relocated or offered voluntary redundancies. The General Manager explained that they had two weeks to accept the offer or they would expire. Staff were harassed and intimidated and felt they had no other option but to accept. Many staff and partners contacted our group, CAP, asking if we could help as they feared they would not be able to sell their homes, take their children out of school and be relocated to another part of the State in two weeks.

I personally phoned the Minister's office and requested clarification, as the Commissioner would not take 10 minutes of his time to speak to me. The Minister organised,

through Ron Woodham, for an email to be sent to all staff. On Friday, 13 March at ten minutes to seven—that is p.m.—an email to all staff at Cessnock Corrective Centre, I quote:

Dear staff member,

I am writing to reassure you that I understand the difficult situation facing many staff with the contracting out of the operations of Cessnock Corrective Centre. That is why I have continued to write to you regarding developments and have invited you to email me about your individual concerns.

In relation to those staff who have been offered a voluntary redundancy package you are under no pressure to accept the package at this time. More offers of voluntary redundancy will be made if staff so request. Many of you have expressed an interest in a transfer to another location. Those staff who have recently been offered a transfer and cannot relocate within the specified period of one month can email me with a brief outline of their circumstances and I will give those requests sympathetic consideration and prompt reply.

Finally, you are reminded of the Employee Assistance Program, which is a free and confidential counselling service, available to staff and their immediate family members. I urge you and your family to use this service if needed.

Regards,
Ron Woodham, Commissioner.

Sunday, 15 March 2009. At approximately 9.00 p.m. on a Sunday night, it has been well documented, that under the cover of darkness, in a commando-type raid, we saw the removal of 107 inmates and the despicable act of locking staff out of their workplace. Is that not contrary to the email? Where is the Commissioner's duty of care to his staff and inmates? Where is the consultation with the community? Why did it take our community group to bring to the attention of the Minister the bullying, the intimidation, lack of consultation and harassment of staff of Cessnock and their families that live in our community?

Ms HOWELL: I would like to now present to the inquiry a petition on which we collected nearly 3,500 thousand signatures. Events like us don't just happen. We are a community under siege. CAPs are very thankful for the response we have received from many individuals and members of our community. The community spirit and support for the fight against privatisation is real and is alive. Adding to what Tanya said here a moment ago, one of things I would like to talk further about is the lack of community consultation within our area. We feel we have been left out of the picture totally. Governments do have a responsibility to consult with the community. From what we have evidenced, and from what we have seen, there are a number of avenues that the Government could have taken in consulting with us in this area. One of those avenues is actually supported by the Department of Corrective Services themselves.

My understanding is—which is actually evidenced on their website—that every corrective service facility shall have a community-based committee, which is active in their area and supports working with the community to keep them involved with a number of things: programs and changes in events that are happening in local correctional service facilities in their areas and changes to any programs, policies or events that will affect the community. This committee that I'm aware of is made up of the Governor, made up of community representatives, made up of a number of other community representatives from across correctional service areas. On investigation, the Cessnock consultative committee has not been functioning now for a number of years. As to why this is the case, I am unaware.

I believe that is one avenue that the Government could have used in consulting with the community in the changes that were faced. It was more than privatisation by stealth. As we are well aware, if you want anyone to go along with any changes in an area that you want to be involved in, it is very important to have inclusiveness in any decisions or areas that you think are going to make change to what is happening. The other area that I think—and I cannot speak to—would be through local council. There are many networks that I believe that the Government could have used to access and inform the community much better and involve the community in the changes that were about to happen to us, and the effects it has on the local

community. Some of those Tanya has already mentioned. James will expand further on some of those. Those will be the socioeconomic issues that face us, and the family issues that face us. I would like to present to you the petition, which has 3,500 signatures on it.

[Document tabled.]

Furthermore, I want to mention a couple of other things. That is, our stand about privatisation as a whole. We elect governments to govern and govern responsibly. In doing that each one of our votes is a very serious thing. Sometimes I feel, and we feel as community members, this is taken quite lightly when decisions are made at high levels of government. I believe, and we believe, government has responsibilities to the community. That is why we elect them to positions. The major things governments have responsibility for I believe are safety, security, education, and health, to name a few. I do not believe that any of these areas should be open to privatisation and the community does not either, whether it be through socioeconomic reasons or that the budget needs bringing into line because inputs do not meet outputs. There is accountability. I believe as a community, and we believe as a community, that Cessnock has been excluded in any consultation in regards to the privatisation of the correctional services centre.

Mr RYAN: I would like to present to the Committee a supplementary submission we would like to make today. Essentially, as you will see, we believe that Cessnock jail has now become an unsafe workplace. I guess the effect on us as a community from the actions of last Sunday night where prisoners were transferred in the dead of night without notice, without being given 24-hour notice that the Corrective Services protocols require—so they could not even inform their families where they were going; by managing to lose the medical records of some of those prisoners for a period of time; and transferring medical records for prisoners who actually remained in Cessnock jail, it is very difficult to have any confidence in the Department of Corrective Services at this stage in managing this process. We feel that both the prisoners and staff are being made political footballs.

I wanted to impress on the Committee if I can the nature of Cessnock. It is a battling town and always has been a battling town since its origins in the coal industry. For example, the unemployment rate is higher in Cessnock than it is in the rest of the Hunter Valley. While the rest of the Hunter Valley as a heavy industry centre for so long traditionally had a higher unemployment rate than New South Wales as a whole, over the past 10 years those unemployment rates have converged and the whole of the Hunter now has a very similar rate, if not the same, as New South Wales in general, except for Cessnock. We are consistently three percentage points higher in unemployment than the rest of the Hunter. As of September last year unemployment in New South Wales was 4.2 per cent but in Cessnock it was 7 per cent. I believe the Hunter Valley Research Foundation has just released Hunter Valley figures yesterday showing that we are at about at 5.2 per cent unemployment, which will make the unemployment rate in Cessnock approximately 8 per cent.

In Cessnock we have the lowest medium incomes per person in the lower Hunter Valley. We have the lowest family incomes of \$786 per household compared to a New South Wales average of \$1,034 per week. People in Cessnock are more likely to have left school before finishing year 12 than in any other place in the lower Hunter Valley. On the local government index of disadvantage, out of the whole Hunter Valley, Cessnock comes last. I guess the reason I just want to quickly say these things is to illustrate that the impacts of privatisation and job losses in Cessnock are going to be felt more and do more harm to the community than if they occurred in another location. It has already been announced we are losing 83 jobs at the Pacific Brands or Bonds factory as it closes its doors in Cessnock. We have lost jobs by the Hunter Area Health Service closing the laundry service. Kurri Kurri hospital has a big question mark over it as a

result of the Garling inquiry. So, we are doing it tough and if this privatisation goes ahead we will be doing it even tougher.

If I can just quickly speak on another matter as a person who does not work in the jail but lives in the community, I think we are scared as well. We know that there is not a full range of information about private prisons, but we know that twice as many prisoners complain to the Ombudsman about Junee jail than they do about Cessnock jail. From the figures we can see, that is quite distinct. We know that prisoners in Junee are twice as likely to self harm than those in Cessnock jail. We know that Cessnock jail is a really well-run jail; we feel safe. It began as low security and had maximum security added to it and has always been planned to expand, but we feel safe about how Cessnock jail has run.

What we do not feel safe about is the prospect of Cessnock jail being privatised. When we look for the escape figures in Junee in the Department of Corrective Services' submission to this inquiry, they are glossed over. All other statistics the Department compares Junee with the mid-North Coast, Bathurst and Grafton I believe, but somehow for escapes it does not want to draw a comparison and we do not know why. Some of the other issues about Junee of course are the incredibly high results for positive drug tests. That worries us. If we are going to get this regime where twice as many people self harm, where there are twice as many complaints made and that at any one time one in three prisoners tests positive for drugs, that worries us in Cessnock. Thank you.

CHAIR: We will now go to the Opposition for questions.

The Hon. JOHN AJAKA: Mr Ryan, in your opening statement you mentioned that Cessnock was now an unsafe workplace, assuming that previously it was not an unsafe workplace. Could you expand on the reasons for that statement?

Mr RYAN: It might be better that Ms Roe or Ms Howell answer that, but the general proposition is that the conflicting messages being put out by the Department of Corrective Services are swinging so wildly that it is causing a great deal of stress amongst officers. By carrying out what I would call something of a cowboy act in removing 110 prisoners with no notice, it has been a bit of a bull-at-a-gate action and it has put people under a lot of pressure to do things quickly and increase the risk factors of the prisoners being injured. In fact, one was hospitalised that night. They turned up at 4.00 a.m. at Windsor with only one nurse on duty and they could not find all the medical records. It is unsafe for the prisoners and it is unsafe for the staff.

The Hon. JOHN AJAKA: Let us assume for the moment that Cessnock is privatised. From what I understand it is your statement that you believe that none of the current local contracts with the local community, whether it be supplying food or other facilities, will continue in its present form? Are you basically saying that all that will suddenly disappear and unemployment will occur?

Mr RYAN: No. What we are saying, it is very difficult to make judgement on supply contracts because I have not seen the tender documents and we have not seen the results.

The Hon. TREVOR KHAN: Nor have any of us.

Mr RYAN: That is right. However, the Department of Corrective Services' submission seems to make a big deal out of saying it takes less prison officers per prisoners to run Junee and,

therefore, it costs us less. So we expect a reduction in staffing levels for prison officers. We expect a reduction in staffing levels for Justice Health and nurses servicing the prisoners, and we expect a reduction in education staff. One of the features of Junee is that it has less officers training and providing education and skills to the prisoners than the rest of New South Wales does, in particular Junee. I guess the other factor, of course, is that the Junee officers get eight weeks' training, which is substantially less than the Department of Corrective Services officers, who get 11 weeks training.

The Hon. JOHN AJAKA: Are you aware how many of the prison officers in Junee were previously trained as prison officers either in New South Wales, another State or even overseas?

Mr RYAN: I am not personally aware of that. I do understand, though, that there is a general rule of thumb that often private operators like a clean slate to work with and they want new people. They want new systems and they want people trained to their way of thinking rather than another way of thinking. So that is certainly a great fear for many people, that a private operator will want an entirely clean slate and even established people who do choose to take the lower pay and work for a private operator in Cessnock would not be successful in winning a position.

Ms ROE: I would just like to add as well that the General Manager from GEO just stated that he could not say how many people he could employ from our current workforce. I think that is where the uncertainty lies with applying for positions with these companies. Officers have to apply like any other member of the community; they are not assured of a position with these private companies. There is the uncertainty of what sort of rates of pay. We have heard the discussion on the variations in the rates of pay, and this all contributes to the staff being distressed. They are being pressured into making preferences as to where they go. If you do not know what a private or another company is going to offer you, you cannot make a decision.

All along the Department of Corrective Services has said, "We will support the staff" yet they are pressuring them to either relocate, take voluntary redundancies or apply to a private company we know nothing about. No-one knows who that private company is. So, we will have job losses in the area. He stated that he does not know how many of our staff he can take. They are experienced professional people; you would think that if he was the managing director of a company that was going to run corrective services in this State he would take in as many experienced staff as he could, but he would not commit to that.

The Hon. TREVOR KHAN: We heard the evidence, so we understood what he was saying and why he was saying it.

Ms ROE: Thank you.

The Hon. JOHN AJAKA: Are you aware through the community how many local businesses are currently receiving contracts from Cessnock by the Government?

Ms ROE: I do not believe they are actually under contract. The centre does deal with local businesses. I do not know whether there are signed contracts. I am not privy to that information.

The Hon. JOHN AJAKA: I am sorry, a contract can be verbal or an arrangement.

Ms ROE: Yes, okay.

The Hon. JOHN AJAKA: I do not mean that as a formal contract in writing, whether it be the supply of goods or services?

Ms ROE: Yes, we are aware we have a number of companies, local business houses, that deal with the corrective centre. We have the local newsagents, we have the local electrical goods store. I can give you figures. We put a statement in our submission to say they have business of approximately \$40,000 a year and they would miss that business. They would have to put off staff. So there is the backlash of not having the publicly run centre in Cessnock. There are also the local clothing retailers where the inmates buy-ups are bought from. There are a large number of business houses that deal with the corrective centre.

The Hon. JOHN AJAKA: You heard earlier in evidence from the GEO group, I think it was in the opening statement, that they encourage their institution to deal with the local community businesses.

Ms ROE: Yes.

The Hon. JOHN AJAKA: Do you still feel that there will be a decrease or is there a possibility there will be an increase for local business as opposed to dealing with a government Department?

Ms ROE: I think what will happen in our community is—it is not necessarily just the centre itself that is purchasing, it is the staff—there will be a decrease in staff. They are saying they do not employ as many staff. The staff live in our community, they purchase from our local businesses, their children go to our schools. We support our local area. There is a large proportion of the staff at Cessnock Correctional Centre that physically live in the greater Cessnock city and they support our local community. I am not saying that a private company may buy more or less from our local businesses; what I am saying is our community is full of staff from Cessnock Correctional Centre who support our community.

The Hon. TREVOR KHAN: The Department of Corrective Services' submission contains data from 2001, 2002, 2007 and 2008 that appears to contradict your claims of high assault rates on staff at Junee Correctional Centre than at publicly run centres. For instance, Junee Correctional Centre has minor assaults per prisoner per year of 0.61 per hundred compared to Bathurst of 0.77 per hundred and Grafton 1.16 per hundred. If those figures are correct, can you explain the difference, in a sense, between your assertion of a higher rate at Junee and the figures that are published by the Department?

Mr RYAN: Yes, I read the Department of Corrective Services submission as well and I looked at those, and we were particularly interested in the rates of assault in private prisons. It seems to me that if you look at table 3B on the same page you will see that when it is talking about prisoners on prisoners the mid North Coast facility is the best facility for assaults of prisoners on prisoners, so the public jail surpasses the performance of the private jail. If you also look at the Bathurst correctional centre in terms of assaults of prisoners on prisoners, it surpasses the private institution. When you get to those figures that you mentioned, the difference between Junee and Bathurst for assaults on prison officers is negligible.

The Hon. TREVOR KHAN: I would agree.

Mr RYAN: And so with Bathurst as well. Grafton, of course, is an older prison with a maximum security element in it, so I do not think that this particular figure is comparing apples with apples and in fact in our submission we have tried to point out that it appears to be very difficult to compare Junee, which does have a lower classification across the board of prisoners, with other prisons in New South Wales and get an accurate assessment of how they stack up.

The Hon. TREVOR KHAN: One of the things that I think Commissioner Woodham or one of the assistant commissioners referred to was that, in terms of assault rates, a difficulty is comparing remand prisoners with other prisoners in terms of their assault rates; that there is an expectation it would seem of higher levels of assault amongst remandees as opposed to the normal prison population. I understand the difficulty. We are being presented with a whole plethora of statistical material and not all of it is consistent.

Mr RYAN: If you were supporting privatisation as the better system, I would have expected it to perform better under these tables. In the same submission you will find the data identifies that prisoners self-harm at twice the rate at Junee as they do at Cessnock and they make twice the number of complaints to the Ombudsman as they do at Cessnock. Combining that data on assaults and the other data on self-harm and complaints, it seems to me that all is not well at Junee.

The Hon. TREVOR KHAN: You have been here for all of the evidence today and you heard Ms Sylvia Hale asking questions of the GEO Group with regard to drug detection urinalysis. Did some of the evidence given by the GEO representatives satisfy you in terms of what seem to be the differing interpretations of the urinalysis figures?

Mr RYAN: I heard the answer given by the GEO officials. To be honest, I am not a prisons professional, so I could not evaluate whether that was a sufficient answer or not. However, in our submission to the inquiry we noted that the only information that we could get, until we read the Department of Corrective Services submission, was in the annual reports from the Department of Corrective Services—and they have about two pages, so that information is minimal but not particularly glowing—and it does seem that in 2007, which is not long ago, they had this incredible incidence of positive testing for drugs at 34 per cent. One of our recommendations is that the inquiry should look into that a bit further because we are concerned that because of the lack of publicly available information neither the public in New South Wales nor the Parliament really knows what the operating standard at Junee is.

CHAIR: We will now go to Government members for questions.

The Hon. HELEN WESTWOOD: Does CAP include families of prison officers? Do you have local businesses who are members of CAP?

Ms ROE: It does include family members of prison officers. We are open to any group in the community who would like to be part of CAP. We support any other organisation, such as Pacific Brand, the Bonds factory—we have been to their rallies and supported them—so it is not just based on this inquiry that CAP operates. We are there to support our entire community.

The Hon. HELEN WESTWOOD: What about families of prisoners?

Ms ROE: I am unsure if any of our members have family members incarcerated in our prisons, but they are quite welcome to join our group.

The Hon. HELEN WESTWOOD: Are you aware of the impact of the proposed privatisation on the families of prisoners? Have you had any feedback or have any of the families contacted you?

Ms ROE: I have not had any families personally contact me, but we have been in contact with the Justice Action group, who presented information to the inquiry on 23 February. They are just as concerned as we are with regard to the inmates at Cessnock corrective centre and their treatment. Our officers are very experienced officers, they do an excellent job and, as we said before, our communities feel safe. I am the wife of an officer who has been at Cessnock for approximately 25 years and I know that when my husband locks the door to a cell of a night he has performed the best he can in that day. He has a duty of care to those inmates and we know that our centre is a safe and secure place.

The gate to our centre is on Lindsay Street in Cessnock and it opens right up into a residential area. It is not put out in an area where there is no community contact. The transport groups travel in and out of our community streets every day of the week and our residents feel safe, and that is because of our experienced officers, and we know that if our community feels safe then obviously the inmates in the centre must feel safe because they have experienced officers taking care of them.

The Hon. HELEN WESTWOOD: I am sure you would have looked at the evidence that was previously given to the Committee, at our last hearing particularly from Commissioner Woodham, and you would be aware of his suggestion that there were cultural problems within the workforce. He suggested that there were incidents of intimidation and bullying of staff who were willing to go on with change and those who were not. As community members, do you have any knowledge of those acts of intimidation or bullying, or has CAP had any response from community members about those allegations that were made about the workforce at Cessnock?

Ms HOWELL: I would like to reply from notes. I am not employed in the prison system or have relatives or a husband—I do not have a husband—or partner employed in that area. I would like to say in regard to the bullying and harassment, and the mention that this was operational within the Cessnock Correctional Centre on a couple of occasions, I think it was taken way out of context. I cannot reply on all of it but, the subject being raised, I can comment on the fact that I believe bullying and harassment, occupational health and safety issues and breaches of the code of conduct by the Department of Corrective Services from management and higher positions is evidenced every day with what the prison officers themselves and the prison officers' families and friends are going through. This has been happening since at least November 2008.

I would like to say that I believe there have been breaches by the Department under the Occupational Health and Safety Act. We know that the Occupational Health and Safety Act has a huge implication for all workplaces. It is legislative. All employees need to ensure that their workplace is safe and secure. Their wellbeing is of the highest priority. In some of the submissions that have been made to the inquiry it will be evident—and on the site at the moment I think you have something like 434 submissions to the inquiry. Of those there will be personal experiences documented, which is evidence from personal experience. I do hope people read those submissions. I am sure you will take the time and energy to read through each one of those and consider the evidence where bullying and harassment and breaches of the Occupational Health and Safety Act have occurred.

Some people might say that that is on a personal level and we need evidence of it; we need it to be supported by documentation and not just hearsay, et cetera. I am sure that those families who are comfortable enough in coming forward to pursue avenues of redress would have a lot of evidence to support them in doing so. I think there are far more issues here than just in regard to the privatisation of prisons. I think there have been breaches of the Occupational Health and Safety Act and the code of conduct within the Department of Corrective Services itself. So while—what is that gentleman's name again?

The Hon. HELEN WESTWOOD: Commissioner Woodham.

Ms HOWELL: I am sorry, I am not really au fait with most of the ministers within the Department of Corrective Services. While he may have mentioned some of the issues in regard to bullying and harassment by particular staff at Cessnock correctional centre, I think he may need to look deeper into his own governing issues within his Department and down the line as to what actually has happened under occupational health and safety, bullying and harassment, and breaches of the Department's own code of conduct. Some of the examples, and obviously I cannot mention people's names without their permission—

The Hon. TREVOR KHAN: Could I just stop you there? I am not being rude, but I think we are getting a little off the point. I think it is non-responsive to the question that was asked and, if the terms of reference deal with the privatisation of prisons as opposed to the current dispute, I think we have to direct our questions to that issue and get answers directed towards the privatisation issue as opposed to, if I can put it in loose terms, the bunfight that is going on at Cessnock jail at the moment.

The Hon. HELEN WESTWOOD: To the point of order: My question was about evidence that had previously been given to this Committee; it was not about any action that is currently taking place by prison officers. I sought clarification from the community about their knowledge of the incidents that were referred to in Commissioner Woodham's evidence to this Committee.

The Hon. TREVOR KHAN: I understand that.

CHAIR: I rule against the point of order. Ms Howell may continue.

Ms HOWELL: Thank you. I will not talk for much longer, but there are a couple of matters I would like to mention, and obviously these can be supported in greater detail if people feel comfortable enough to come forward and speak about them: Belittling opinions have occurred, unconstructive criticism, isolation from normal work interactions, not the full support for training and development or work opportunities, overwork, increased pressure, unplanned job changes, administrative sanctions delaying leave or blocking access to training, yelling, screaming, abuse, offensive language, insults and inappropriate comments, influencing of other staff to behave in sometimes inappropriate manners. Since 11 November 2008 the Department's continued actions have resulted in physical and psychological damage to a number of their staff and their families. Staff and family members have been and are seeking counselling and medical intervention at various levels because of how they have been treated by the Department.

The Hon. GREG DONNELLY: As you correctly said, there are a huge number of submissions that we are working our way through, trying to distil information and understand all the relevant matters. Before I get on to some particular questions, reading from page 4 of your submission about the CAP organisation itself, there is a committee of management of 13 people,

and the key spokespersons and other people are mentioned. In terms of the broad membership, other than the committee management, is it an organisation that people join or are affiliated to? How does it operate?

Ms ROE: The organisation started with the announcement that Cessnock Corrective Centre was going to be privatised. A group of family, wives, friends said, "What can we do to make our community aware of what is going on and how our staff are being treated and who will listen to us?"

The Hon. GREG DONNELLY: So that I am clear, it is not restricted to the issue at Cessnock?

Ms ROE: Definitely not.

The Hon. GREG DONNELLY: Does it deal with the issue across the State?

Ms ROE: Community Against Privatisation [CAP] is a community group that will assist any community member in any aspect of their daily lives, in their work life. If they want to come to us and say, "I am having difficulty in my home life", there is someone there to talk to them. We are not just there for the officers in regards to the privatisation of Cessnock Corrective Centre. We are there for the whole community. On Friday last week I went to the Bonds rally and supported the staff members of Bonds who will be losing their jobs, 83 community members. We support them emotionally. There are no finances involved with our community group.

The Hon. GREG DONNELLY: That has given us a good overview. In terms of research and media relations, are Marie and James responsible for that?

Mr RYAN: Yes.

The Hon. GREG DONNELLY: Mr Ryan, have you had any communication by phone or email with Ms Lee Rhiannon, MLC, Ms Sylvia Hale, MLC, Mr Ian Cohen, MLC, or Dr John Kaye, MLC, in relation to the tactics that CAP will employ over the issue of the privatisation of Cessnock jail?

Mr RYAN: Just to put you in the picture—

The Hon. GREG DONNELLY: It is a very specific question.

Mr RYAN: Just to put you in the picture, I am a member of the Greens political party and I am openly, obviously, a member of the Greens. I regularly have email contact and probably phone contact with all of those people on a whole range of issues. Yes, I have discussed the issue of privatisation of prisons with probably all of those people. I have also discussed the privatisation of electricity with all of those people.

The Hon. GREG DONNELLY: My question was very specific, that you have had communication by phone or email with the four I have mentioned in relation to the tactics that CAP will employ as an organisation over the issue of privatisation of jails? Have you had any discussion or communication with them, either all or individually, over that particular point?

Mr RYAN: Yes, we often discuss politics.

The Hon. GREG DONNELLY: No, the tactics.

Mr RYAN: I mean by that the tactics—what is the political situation, the inquiry is there, obviously the Department is marching ahead, et cetera. I discuss that, yes.

The Hon. GREG DONNELLY: You have discussed with the New South Wales Greens the tactics that CAP should employ in terms of dealing with this issue of privatisation? That is my straightforward question.

Mr RYAN: I am not so sure I would have discussed the tactics that CAP should employ.

The Hon. GREG DONNELLY: Tactics about what then?

Mr RYAN: I would discuss what I believe the situation is in Cessnock. I would probably seek their opinion of the policy in New South Wales Parliament of what is driving all of this.

CHAIR: We will now go to the crossbench for questions.

Ms SYLVIA HALE: For the benefit of the Committee, I say that I have had so many emails from so many prison officers across the State it has been almost impossible to respond to them. Many of them have wanted to inform me as to what is going on and how they intend to respond. My latest conversation with Mr Ryan was to pass on some information I received from the Chair yesterday afternoon, namely, if there were too many people coming to the hearing today to be accommodated in this room, the theatre would be available to them. The last series of questions were incredibly offensive. Returning to the issue at hand, as to the petition you presented to the Committee, Ms Westwood in her questions raised the issue of the response of inmates to privatisation. Who were the people who signed the petition? I presume inmates did not sign it. Did people with connections to inmates sign it?

Ms ROE: The petition was available at the centre for all visitors of inmates to sign. A large number of those signatures did come from families and friends of inmates who visited the centre. The other signatures that are on the petition are from our community, our business houses, our citizens, people who live in our community and are scared about what is going to happen when the centre is privatised. We feel safe in our community because the centre is publicly run, run by the Government. They are scared and they have signed this petition. Family, friends, anyone who wanted to sign it had the opportunity to sign that petition.

Ms SYLVIA HALE: Did any of the families of the inmates indicate to you what concerns they might have about privatisation?

Ms ROE: I have not spoken to any family or friends of inmates at Cessnock Corrective Centre.

Ms SYLVIA HALE: I would imagine that Cessnock, through its long history of involvement in coalmining, has been a fairly united community. In your opinion, will privatisation, if it proceeds, produce any divisions within the community or have any divisive effect upon the community?

Mr RYAN: That is something that is hard to say with any accuracy. But it is fair to say there is a great deal of anger in the community at this present point because Cessnock feels that

it is kicked from pillar to post. We do not believe that we have a good array of government services. We have had the workforce of Hunter New England Health decrease over time, despite previous assurances that would not occur. It is one of those bitter experiences that people have. So I think people are very angry about this.

For example, that issue that was raised previously about issues of intimidation or bullying in relation to people who did not want to change work practices, I think there is a great deal of anger about the use of some very old and probably very marginal examples that were brought to suit the evidence being given to this Committee. There is a great deal of anger that people in Cessnock are being misused and abused. Yes, I think there will be anger but I am not sure they will take that out personally on private prison staff, if it were to go ahead. I am sure they would not.

Ms SYLVIA HALE: One of the things that seems to make this inquiry more difficult is the lack of information about the way in which Junee, for example, is conducted. I note that five of your nine recommendations relate specifically to information that the public would need to know about Junee. We heard from GEO this morning that it would perhaps be prepared to make the information available, but it was basically up to the Government to release the information should it wish to do so. Would you like to make any comments about the public interest in having such information available? Should the Government determine whether it is released or not?

Ms ROE: I am born and bred in Cessnock and I want to stay in the community. For me to stay in Cessnock I want to know that my family and my friends safe. We want to know that whatever prison is in Cessnock that it is run safely and we need as much information as we can as a community to assess whether we should live in that community. We will stay in Cessnock as long as we know that the community is a safe community. We know that now.

I have lived there for 46 years and approximately 30-odd years of that time has been with Cessnock Corrective Centre run by a government Department. We feel safe and that is the way we want it to remain. Obviously, if this is going to happen, we want to know as much as we can about a private organisation that is going to run the centre in Cessnock. That is only fair. We need to know anything that they are doing or have to offer is open to our community. The community has to be consulted. We need to know.

Mr RYAN: When Marie and I were pulling together most of this submission and we were looking around at what was available, what became apparent very quickly is that we do not know a lot about Junee and the experience of privately run jails in New South Wales. The only place, as I mentioned before, that we could find information of any substance was in the Department of Corrective Services annual reports. We read what else was available. There was a second Parliamentary Library report, I believe, available on the web page and we read that and it seemed to come to a very similar conclusion that we had come to in that you cannot be sure when you are dealing with this subject just what the operational performance of Junee is. Cessnock council has also written a submission and Councillor Smith will address the Committee later, I believe.

That submission also comes to the same conclusion: that on the evidence that is publicly available it is very hard to judge just how violent Junee is, the recidivism rate of its prisoners, educational achievements that are put into practice by the management of that prison, and the drugs issue, which I have mentioned before. As a result, we believe that a fair, open and transparent system, if the New South Wales Government was pursuing this policy, would be to

place a lot more information in the public arena so that those things could be more appropriately assessed. The conclusion we came to is we know we have a safe prison at the moment, how can we go into this decision based on very little knowledge?

Ms SYLVIA HALE: Mr Woodham in his evidence to the inquiry has talked about the manipulation of overtime and I think the Minister said that the overtime expenditure is running at \$40 million over budget. I also know that none of you is a prison officer. What was the response of the community to those allegations of excessive overtime and what has been described as rort?

Ms ROE: The community was angry. We have such a large population of officers who work at that centre. Their families live in the community, their children go to school in the community. People were walking around dazed at those comments. We know that this is not the case. If this is the case, if they have rorted over time, why has not upper management sorted that out? If he is privatising Cessnock Corrective Centre because of overtime rorts, why did he not sort that out before it became such a big problem? We as a community are outraged that he would make that comment about our officers. They are professionals. Obviously there is overtime, but for him to say it is their fault because they have rorted the overtime system, how can you answer that because it is not the truth?

They do not operate the rostering systems. It is a computer-operated system, as far as I am aware, and the next person is called up for overtime. The community is outraged that they would say things about our staff, demoralise our staff. The staff are part of our community and we feel it. If they are upset, we will be upset. The person who is friends with them, the local shopkeeper. They talk to the local shopkeeper and the local shopkeeper will say, "What is going on up there? You have been rorting overtime." They have to explain it. Why should they have to explain it? It is not true.

Mr RYAN: I think there is a widespread perception that the overtime is there because the Department of Corrective Services will not employ the right number of people to run the jail.

Ms SYLVIA HALE: If there are inadequate numbers of prison officers employed on a permanent basis, what impact does the working of overtime, whether it is excessive or otherwise, have on the community and on the families?

Ms ROE: Obviously officers cannot spend the time with their families that they would like to. They go in there and support their other workmates. So, if someone calls them up for an overtime shift, it might be their day off but they say, "We know we are a short-staffed today. We will go in and help our mates." That is how they operate. They are not rorting any system; they get called up for overtime.

Ms SYLVIA HALE: The system is that you are called up for overtime; if you accept it, you work it, and then you go to the bottom of the list, and then—?

Ms ROE: That is how I understand the system.

Ms SYLVIA HALE: I know you have made nine recommendations for this inquiry. If you had to say what was the most important thing that could come out of this inquiry—short of privatisation not proceeding—as a general approach to the way in which government policy should be implemented, what would it be?

Ms HOWELL: From my perspective, and I think from what I have heard here today from the group, that anything to do with privatisation entering into community, consultation with community is really important. Not forgetting that, anything that happens in every community, right throughout New South Wales and within Australia, requires community involvement and participation. Also, with regard to privatisation, this inquiry, to which we have made nine recommendations, that there is a halt to the privatisation of correctional facilities, especially, in our case at this point in time, the Cessnock correctional centre, until a full parliamentary inquiry and report can be put together.

The Hon. JOHN AJAKA: I want to follow up on one of the comments made by Ms Roe in relation to the safety of the community et cetera. Have you, or any of the other group, spent time going to Junee and speaking to the community and the businesses there to hear their perspective of whether they feel safe or do not feel safe because there is a privatised correctional facility there?

Ms ROE: I have not done that, but I have been trying to survive in the Cessnock community at this stage. We have been trying to keep up our morale and we have been trying to help our officers and their families as much as we can. We have not had the time to go there and find out how it operates. I am sorry, but that is just the way it has been. We have been under siege.

CHAIR: Thank you for your attendance today. If Committee members want to send you additional questions, would you be happy to answer those questions within the timeframe I outlined earlier?

Ms ROE: Yes, we would.

(The witnesses withdrew)

(Luncheon adjournment)

GRAHAM SMITH, Councillor, Cessnock City Council, sworn and examined:

CHAIR: If you should consider at any stage that certain evidence you wish to give or documents you may wish to tender should be heard or seen only by the Committee, please indicate that fact and the Committee will consider your request. If you take any questions on notice today, would you please provide the responses within 21 days of the date we get them to you?

Mr SMITH: Certainly.

CHAIR: Before the Committee commences questions, would you like to make an opening statement?

Mr SMITH: Indeed, I would. Firstly may I present to the Committee the apology of Councillor Alison Davey, the Mayor of Cessnock, who has three other longstanding engagements today and was unable to be present. May I also draw the attention of the Committee to the fact that Cessnock has been regarded for many, many years as a Labor stronghold, but since the council elections of last year the composition of the council very closely resembles the composition of this Committee and of the upper House. When I tell you that this submission results from a unanimous resolution of the council, you will appreciate that it comes with support from Coalition, Labor Party, Greens and Independent members. It reflects the strong community opinion, and the overwhelming community belief, that government services should remain in government hands.

As you have heard already in the previous submission, the Department of Corrective Services has not chosen to consult with the community of Cessnock, and particularly it has not chosen to consult with Cessnock City Council over this issue. Belatedly they come to consult with us about the construction of the new maximum security wing. However, whether that consultation can be regarded as genuine, when they cannot provide us with statistics, proposed workforce figures or anything upon which the council can base any decision, I wonder whether any consultation on the privatisation would have been worthwhile.

By contrast, the council has been addressed by the representatives of the workforce and the council was impressed by the balance of their presentation and by the sense of experience which is contained within that workforce. You heard again in the previous submission the sense of security which that gives our community because there is an experienced workforce working in an institution which appears to be providing quality outcomes.

The excellent record of safety and security at Cessnock Correctional Centre is a matter of some pride to the workforce and it is a matter of great pride and comfort to the community. On the issue of jobs, there can be no jobs guarantee. Our community has bitter experience of privatisation and corporatisation of government operations where Ministers, chief executives, senior managers have always said, "Yes, there will be jobs; jobs will remain", and our bitter experience is that in 12 months time the cuts begin. That has gone on over the last decade and more, to the great detriment of the city, of the services that are provided to the city and to its community.

Then there is the ripple effect which goes out into the community from changes such as this in terms of loss of enrolments in schools, which means that, in many cases, there will be staffing changes, there will be forced changes to teachers who are employed in the local

schools—they will have to move: the effect on the real estate industry if a substantial number of houses come on the market; if there is a glut of housing, what is going to happen there and will the people who are moving out be able to sell or lease their houses: the loss of trade to local businesses.

We have already heard in the previous submission about the relationship between the correctional centre and the local business community. A question was raised about Junee in the previous submission. One of our councillors who is a small businessman took the trouble to contact the business community in Junee and he has told us anecdotally from his contact with members of the business community in Junee that while Junee, when it initially opened, promised a strong commitment to the local community and that trade would go into the town, over time that has waned and the amount of business being done in Junee is less than at the beginning of the process. The amount of local employment in Junee anecdotally is less than was the case at the opening of that prison.

Consider our submission; look at the socioeconomic circumstances of the town. You have already heard that we are the most disadvantaged local government area in the Hunter region. In the last 24 hours there have been further figures on unemployment, on housing mortgage repossessions, which only reinforce the fact that our community is struggling economically. To proceed with this privatisation, with the uncertainties of the future, and indeed we believe the uncertainties of the economic advantages to the Government, is unwise. It is the council's position and the community's position that the New South Wales Government should be investing in our community, not withdrawing from it. Thank you, Madam Chair.

The Hon. TREVOR KHAN: Have you been told how many additional prisoners will be housed in the maximum security wing?

Mr SMITH: Something over 300 we believe.

The Hon. TREVOR KHAN: Additional?

Mr SMITH: Well, they have taken 100 away this week, so we are uncertain. The briefing we received from the Department a week or so ago was incredibly vague and veiled in statements of subjects to tender negotiations and other commercial considerations. It was only that someone let slip how many car parks might be there that we got a vague idea of how many staff might be employed.

The Hon. TREVOR KHAN: As vague as it may be, how many additional staff members would be employed?

Mr SMITH: We were told it could be up to 100, but if you balance that out against the people who may be transferred out and, again, the privatisation tender is also subject to commercial considerations and is being dealt with confidentially, it is very much a matter of conjuring with figures rather than having any hard data to work with.

The Hon. TREVOR KHAN: We understand all those difficulties; it is just to get some feel of—

Mr SMITH: We certainly have not been given any feel, so I cannot really give you anything.

The Hon. TREVOR KHAN: I am pleased about that; that is a feel. In terms of the workforce at the jail, do you know how many of that workforce live within Cessnock, that is, live within your local government area [LGA]?

Mr SMITH: I do not have a percentage but I am advised that it is the majority of the workforce who live within the Cessnock LGA.

The Hon. TREVOR KHAN: By what you have been told do you have a feel as to what the distribution of the balance of the workforce is? Do they live in the surrounding area of the Hunter Valley or do they live on the Central Coast?

Mr SMITH: Again, the advice I have is that mostly they live in the Hunter Valley. I work in the Maitland LGA and I am aware that a number of staff who live in the Maitland LGA and travel to Cessnock every day. I would suggest that given the nature of the shifts involved that most of the staff would live within reasonable travelling distance of the jail.

The Hon. TREVOR KHAN: In terms of the families of prisoners, do you know how many families would live in Cessnock?

Mr SMITH: There are quite a number of them. Again, it is hard to quantify. The schools in the district are aware that, yes, there are a number of families who rent very low rent accommodation within the town and their children are enrolled in the schools. That is part of the disadvantage, which is experienced within the local schools, the population of low-income families and often families who are related to prisoners in the jail.

The Hon. TREVOR KHAN: Have you sought to have a discussion with Commissioner Woodham or more generally with Corrective Services on the issue of privatisation?

Mr SMITH: The council is of the opinion that a discussion, given the comments of the Minister and the commissioner, would be unproductive.

The Hon. TREVOR KHAN: I do not want to be rude, but does that mean, no, you have not had a discussion with Corrective Services?

Mr SMITH: We have not had the discussion, no, because the perception is that it would be a waste of time.

The Hon. TREVOR KHAN: Have you received any written material from Corrective Services on the issues surrounding—

Mr SMITH: No.

The Hon. TREVOR KHAN: Have you received any communications at all from Corrective Services on the privatisation?

Mr SMITH: No. But may I interpolate? I have been involved in health Department consultations for a number of years. I have been a long-serving member of the consumer consultative committees in the area health service. The processes of the two Departments are chalk and cheese.

The Hon. TREVOR KHAN: Would you like to expand on the difference in the approaches of the two Departments to issues of—

Mr SMITH: The Department of Health before it went with the Greater Newcastle strategy for major hospitals undertook a huge community consultation of which I was part; I was part of the health reference committee—significant decisions being made. We went out to the community, we met with the community, we drafted documents which were circulated to the community for comment, then came back and then you made recommendations to the Minister. Nothing of that nature has happened in this case.

The Hon. JOHN AJAKA: The difficulty I am having is trying to reconcile this concept, and if you could assist I would be most grateful. If the prison was to be privatised, we have some that have given evidence that almost paint the picture that Cessnock will become, for want of a better word, a ghost town; that there will be such difficulty, loss of jobs, loss of employment, loss of people leaving families, it will affect businesses throughout. If Cessnock is privatised, first and foremost you are going to have almost the same, if not more, number of prisoners; there will still be families of prisoners who want to be close to the prisoners; there will still be officers working as prison guards; and if they are no longer corrective services officers they will be private prison officers. I am trying to understand where the massive change suddenly comes that has this huge bearing on the economics on the town of Cessnock.

Mr SMITH: I think the fear that arises is that the private corporation will be there for the purposes of profit, that in pursuit of cost-cutting—and this has been the experience in the privatisation of health facilities—there will be continued staff reductions, and, as a result of that, the income stream into the community will be reduced, less spending to the community, less opportunity for local business. Therefore, there will be an economic impact.

The Hon. JOHN AJAKA: Has your council, for example, completed a study to show any projections of where this will occur? It is one thing to say it but it is another thing for someone to actually show us some concrete evidence that we can look at and say this is what occurs.

Mr SMITH: We have not had the opportunity to do a study of that depth but the experience that we have from privatisation and corporatisation of other government instrumentalities is that it will occur.

The Hon. JOHN AJAKA: Can you give me an example in Cessnock where that has occurred?

Mr SMITH: The sale of the Allandale hospital, the closure of the linen service, the reduction in other government instrumentalities where local offices have been closed and have been centralised to, say, Maitland or Newcastle. There has been a withdrawal of government services, large and small, from the community over a period of years—more than 20 years.

The Hon. JOHN AJAKA: We heard from the managing director of the GEO Group in his opening statement that they encourage enormously entering into business with the local business community, which I took to be whether ordering materials, whether ordering foodstuff, whether ordering any other aspect that would assist them. Do you see that there is the potential for more business to occur with the private sector where it is localised as opposed to, for want of a better word, a bureaucratic government Department that might order all of a particular item from Tasmania or South Australia as opposed to from Cessnock?

Mr SMITH: There may be in the beginning. But, as I have already referred to in the opening statement, the anecdotal evidence from Junee is that while the commitment may be made, whether it is honoured in the long term is another case entirely. Certainly that has been the case in the privatisation and corporatisation of the health facilities; there has been less spending to our community as a result of that than previously.

The Hon. JOHN AJAKA: Has your council spoken to or obtained any information or spent time at Junee, at the local relevant council area and the business community to ascertain if there has been any adverse effect on the businesses there?

Mr SMITH: No, we have been very busy dealing with the consequences of a section 430 report. That has been occupying our time a little in the last 6 to 8 weeks. So no, we have not had that opportunity.

The Hon. JOHN AJAKA: When did your council first become aware that the privatisation issue for Cessnock was on the Government's agenda?

Mr SMITH: As I understand it, when the press release was issued.

The Hon. JOHN AJAKA: No-one had contacted either your council or anyone else—

Mr SMITH: Not that I am aware of.

CHAIR: We will now go to the crossbench for questions.

The Hon. ROY SMITH: No thank you.

Ms SYLVIA HALE: You said that you first became aware of it when the press release was issued. How long ago was that?

Mr SMITH: It would have been late last year. I am not sure of the exact date.

Ms SYLVIA HALE: November, and we are now midway through March.

Mr SMITH: Indeed.

Ms SYLVIA HALE: We had the Christmas period intervening, so there would be, in effect, almost no time to do any in-depth projections, particularly in the absence of relevant information. Would that be correct?

Mr SMITH: That would be correct, and as I say, dealing with the section 430.

Ms SYLVIA HALE: Were you here this morning for this morning's evidence?

Mr SMITH: I was here for the community evidence. I could not leave home until late so I missed the GEO evidence.

Ms SYLVIA HALE: For the record, I gather you are a member of the Labor Party?

Mr SMITH: Indeed I am.

Ms SYLVIA HALE: Have you had any discussion about the inquiry or the privatisation with your local member Kerry Hickey?

Mr SMITH: Through branch meetings, yes. May I say that the local branches are unanimously opposed.

Ms SYLVIA HALE: So there is a lot of opposition within the Labor rank and file to what is happening?

Mr SMITH: Yes.

Ms SYLVIA HALE: Looking at your submission, on page three you say, "It should be noted that within the New South Wales Department of Corrective Services Human Resources Strategic Plan 2008-2011 there is no reference to privatisation". Then you say, "There is a real risk of the values and results articulated in the plan being at best diminished and at worst rendered worthless". Would you care to expand upon that observation?

Mr SMITH: My observation would be that the values and results would have been predicated upon the service being delivered from the government instrumentality and that if you are privatising an institution such as Cessnock to generate a profit for a private operator then it would be hard to meet the values and results which are articulated in the plan.

Ms SYLVIA HALE: On page eight of your submission when you were talking about the lack of information about Junee it suggests that you went to the Department of Corrective Services website and you found there were many research papers there including reports on the first four years of operation of the privatised Junee facility. Then you go on to comment about the age of any other reports. You say, "However the most recent report is 12 years old so there is no recent analysis of that facility". You say, "The Department's annual report contains few references to the Junee operation and no financial information". From the point of view of a local councillor, and I think many people on this Committee have had experience in that regard, do you think that is an appropriate way to keep the community informed?

Mr SMITH: No. May I say I am employed in the public service and I would be expected to be providing that sort of result on an annual basis, and I would be berated by my Minister if it was not the case.

Ms SYLVIA HALE: We had GEO suggesting that they might well be prepared to provide information but that essentially it was up to the Government to determine whether or not that would be made public. You are saying that in your experience with the Department of Health that they are much more open in their—

Mr SMITH: Indeed, they are.

Ms SYLVIA HALE: As a local councillor, when you are dealing with a community that is obviously very highly stressed by what is happening, what impact do you think the lack of information has on the community?

Mr SMITH: The community feels ignored, and it is not on just this issue. You know very well that Mr Hickey has made himself unpopular within government ranks for some of the attitudes he has taken, but he is only reflecting the community's frustration. The community has

put into its own development tremendous efforts and they feel that what they have put into the development of the community has been devalued by decision-making here at the centre. They feel that whether it be within the Departments or within this building there is a lack of understanding and a lack of commitment to community development within our local government area.

Ms SYLVIA HALE: Have you had the opportunity to speak to prison officers about how the jail is run?

Mr SMITH: Only briefly. As I say, I am employed in a senior position within another Department and I have not had the opportunity to meet with them. A number of them are friends. A gentleman who was in the gallery this morning lives just down the street from me. So, on that sort of social interaction basis yes I have, but not on an in-depth basis.

Ms SYLVIA HALE: Anecdotally or from talking to prison officers have they conveyed to you their notion of how the Department operates in its treatment of its staff?

Mr SMITH: My impression is that they feel hard done by.

Ms SYLVIA HALE: Why would that be?

Mr SMITH: They do not feel that they have any input into the way some of the decisions are made and implemented. They feel stressed.

Ms SYLVIA HALE: That is on a day-to-day level?

Mr SMITH: Yes. Another anecdotal thing that came to my notice yesterday, I was talking to the parish priest in the district where I work and she was saying that the Aboriginal chaplain who works at the jail reported to a local deanery meeting that she was having increased interaction with both officers and prisoners because of the stress that they have been under in recent times.

Ms SYLVIA HALE: And that is the stress of the possibility of having to relocate?

Mr SMITH: Yes.

Ms SYLVIA HALE: Or, in fact, the potential loss of employment?

Mr SMITH: Yes.

Ms SYLVIA HALE: On page six of your submission you talk about the proposal to expand the Cessnock correctional centre to accommodate a further 250 maximum-security inmates. What implication would such an expansion in maximum-security numbers have for the community, do you think?

Mr SMITH: As I said in response to, I think it was Mr Ajaka's question, there may be some favourable outcomes from that, but based on a briefing that we received—the very vague briefing we received—a couple of weeks ago, it is very difficult to quantify that. Yes, there may be additional employees but when we balance out the workforce across the two classifications with the uncertainty and secrecy of the figures that have been posited then we cannot really assess what the impact is going to be.

Ms SYLVIA HALE: You would not have heard the evidence from the Teachers Federation this morning but what was suggested was that at Cessnock there are a number of traineeship programs and courses provided, with the ultimate aim to prevent recidivism, et cetera. What are your comments as to traineeships? Do they have a positive benefit to the community?

Mr SMITH: I believe so. I am aware of the attitude of the educational staff through federation channels. The perception we have within the community is that if the inmates are well trained—and through the industries that operate at the jail they do have that opportunity—my experience over many years from when they used to repair furniture, and now they do demountables, is it is good quality. When those inmates are released into the community they have a better opportunity of rehabilitation than might otherwise be the case.

The Hon. GREG DONNELLY: I take you back to your evidence about the decision—and correct me if I am wrong—of the council not to seek a meeting with either the Minister or the Commissioner. Has the decision not to meet been formally taken?

Mr SMITH: No, it was not a resolution of council. Our experience is that—particularly Australian Labor Party members—when dealing with some of our colleagues in Governor Macquarie Tower we are not well listened to. The informal opinion of the council was that the Department, the Minister and the Cabinet were bent upon privatisation and we would be unproductive in trying to influence that decision.

The Hon. GREG DONNELLY: I am not here to defend the process because, as I understand your evidence, you say that you basically found out about this by media release—literally what you read in the paper?

Mr SMITH: That is true. As far as I am aware the General Manager has received no formal correspondence from the Commissioner or the Minister advising him that this decision has been taken and that privatisation will be continuing.

The Hon. GREG DONNELLY: Returning to my question about not trying to seek a meeting with either the Minister or the Commissioner, what about trying to seek a meeting with the Premier, for instance? Has that been discussed by council?

Mr SMITH: No. Again, the perception that is currently alive in Cessnock is that Ministers of whatever rank do not want to make time to meet with representatives of the council.

The Hon. JOHN AJAKA: That is an interesting comment.

Mr SMITH: You know, we had the experience of the electricity privatisation and our attempts to speak to Mr Costa, when we were abused—both party members and non-party members. I was in a public meeting where Mr Costa called us liars and so on. I think it is understandable that we feel that it would be a waste of time trying to seek a meeting.

The Hon. GREG DONNELLY: The grievance is obviously deeply felt?

Mr SMITH: Yes.

The Hon. GREG DONNELLY: I understand that but I am trying to put myself in your position as a councillor. Given the significant impact on the city and the local government area, as articulated in detail in your submission, and notwithstanding the cynicism—I use that word if it is appropriate—about dealing with Macquarie Street or Government Macquarie Tower, it would be quite normal for a council to say, "Yes, we have had these issues in the past. Yes, they have been significant. Yes, we are very aggrieved. But we should at least send a letter."

Mr SMITH: The protest has certainly been directed through the local member.

The Hon. GREG DONNELLY: Sure.

Mr SMITH: And we have received the usual bureaucratic response. There has been no detailed response to council's correspondence.

The Hon. GREG DONNELLY: That is to the local member?

Mr SMITH: Yes. We have received a ministerial response, which is that correspondence will be dealt with in due course. As far as I am aware there has been no detailed response.

The Hon. GREG DONNELLY: You have ruled out trying to correspond directly with the Commissioner, the Minister or the Premier, to seek a meeting to try and find out more detail about the proposition?

Mr SMITH: I would not say it has been formally ruled out. As I say, there has been no resolution of council to that effect. The feeling among all factions within the council is that we would be bashing our head against a brick wall.

The Hon. GREG DONNELLY: Do we have any sense of what the value of the income of the employees of the jail might be on the local economy? I have read your detailed submission but I am wondering if the council has some sense of the value on the local economy in the context of other issues at other times? Do we have any sense other than to say significant, given the number of employees?

Mr SMITH: I would not have that detail to hand. I would probably have to talk to our social planner who prepared this submission. Given that there are several hundred employees at the jail it would now be one of the largest single institutional employers within the local government area.

The Hon. GREG DONNELLY: To give us some perspective what are some of the other big employers?

Mr SMITH: The hospitals, Bonds have closed so there is not much industry left, there is only one coalmine and the vineyards of course. In the vineyards and the accommodation industry there is a tremendous level of casualisation in those workforces, so you cannot expect families who have particular skill sets and have been in full-time employment for some considerable time to try and divert themselves into that very different industry and into what will, in many cases, only be a three or four-day week at best.

The Hon. GREG DONNELLY: Just so we all understand, because some people are less familiar with the legislation than others, you referred to the preoccupation with work on the section 430 matter. Can you explain what that means?

Mr SMITH: I thought the whole of New South Wales would probably aware of that?

The Hon. GREG DONNELLY: They probably are. I am not being smart, but just for the record?

Mr SMITH: There has been a report into the operations of the council, which requires us to undertake certain actions by 31 March next year and to have our response to the Department by the thirty-first of this month. We have been preoccupied in dealing with that matter and getting a response in by 31 March.

The Hon. JOHN AJAKA: Just so Mr Donnelly feels happy about it, we actually sent a member of the Committee secretariat outside to find out what it was.

The Hon. GREG DONNELLY: I am not going to declare whether I knew what a section 430 was. That was not my question.

Mr SMITH: It has certainly been on the front page of the *Newcastle Herald*.

The Hon. HELEN WESTWOOD: How long have you been on Cessnock council?

Mr SMITH: This is my second term, but I have lived in the community for 33 years.

The Hon. HELEN WESTWOOD: Have you been aware of the community consultative committee that has been referred to in that time?

Mr SMITH: No.

The Hon. HELEN WESTWOOD: As far as you are aware it has not functioned in that time?

Mr SMITH: Not that I am aware of.

The Hon. HELEN WESTWOOD: You talked about your social planner having prepared your submission. I would assume that council prepares its social plan on an annual basis?

Mr SMITH: Triennial basis I believe.

The Hon. HELEN WESTWOOD: Have you done any community consultation in preparation for that plan?

Mr SMITH: That process is under way at the moment. There has been a certain amount of turmoil in council staffing, with people being promoted, leaving and so on. Ms Drage is a relatively recent appointment and she has begun active work on revising that social plan, including consultation on issues such as this.

The Hon. HELEN WESTWOOD: If you should consider that the results of that consultation are relevant to the terms of reference of this inquiry, would you forward that information to the Committee?

Mr SMITH: Yes.

The Hon. HELEN WESTWOOD: I suppose it is a bit early in the piece. I was asking that question because I want to have an understanding of any evidence you have about community concerns as to the impact of privatisation. Will you take that on notice?

Mr SMITH: Yes.

The Hon. HELEN WESTWOOD: The other thing that has been reported to the Committee by previous witnesses is that there is a sense of demoralisation within the community, insecurity and uncertainty about the futures of prison officers. Is the council getting any sense of that in the community?

Mr SMITH: Yes.

The Hon. HELEN WESTWOOD: As a councillor I assume you visit various groups in the community?

Mr SMITH: As I say, anecdotally we are seeing that. My daughter is the friend of a girl who is the daughter of a prison officer. Her mother has been told—she is part of the transport section—the position that she will be eligible for is in Sydney. Her father is presently in Townsville as a reservist in the Navy. They have a small miner's cottage in Kurri Kurri. Can you imagine the economic impact of selling a small miner's cottage in Kurri Kurri and trying to establish a residence in Sydney? It would be disastrous. She will probably have no alternative but to relinquish her employment. That is one small example among 100 or 200 others. Who knows? Who knows how many are going to be employed by the private contractor? The closest possible employment in corrective services is at Muswellbrook. Again, you can move to Muswellbrook but housing is a lot dearer in Muswellbrook than it is in Kurri. There are significant economic impacts on these families if to keep their employment they have to move away from the community in which they are presently located.

Ms SYLVIA HALE: The Government has a policy in place, the Rural and Regional Impact Study policy, which is supposed to assess and provide recommendations if there is a significant change in the provision of Government services within a rural community. As a result of following that policy, has the council received any recommendations?

Mr SMITH: Not that I am aware of.

Ms SYLVIA HALE: Do you anticipate receiving them?

Mr SMITH: I would have to take that on notice.

Ms SYLVIA HALE: From your experience, given that we have been told by Mr Woodham that he expected the privatisation of Cessnock to be completed by July, possibly August, how long do you think such an impact study would take if it is going to be done adequately and meaningfully?

Mr SMITH: Based on my experience in health consultation, it would take between 12 and 18 months.

Ms SYLVIA HALE: So, for the Government to act prior to that study—

Mr SMITH: To do a proper consultative study, 12 to 18 months, if you are going to do it properly. If you are going to gather the data, go out to consult, draft a report and submit a report, yes, I would say so.

CHAIR: That brings us to the conclusion of the time for this part of the hearing. You have taken a couple of questions on notice. If Committee members wish to send further questions for the council to answer, would you be happy with that, councillor Smith?

Mr SMITH: Yes.

CHAIR: Thank you for coming today and thank you for council's submission. The Committee secretariat will write to you with the questions on notice.

Mr SMITH: Thank you.

(The witness withdrew)

JANE ANDREW, Senior Lecturer and Director Social Accounting, University of Wollongong, and

DAMIEN CAHILL, Lecturer, Political Economy, University of Sydney, affirmed and examined:

CHAIR: Welcome to both of you. We have a few formalities to go through. If you take any questions on notice today, the Committee would appreciate if the responses to those questions could be sent to the Committee secretariat within 21 days of the date on which the questions were forwarded. I take this opportunity to remind everybody in the hearing room that if you have a mobile telephone, you should turn it off while you are in the room. Before the Committee commences questions would either or both of you like to make an opening statement?

Dr CAHILL: Yes, we would both like to. Thank you for the opportunity to address this Committee. Having researched the process of prison privatisations as they have occurred both in Australia and internationally, we believe that there are many legitimate reasons to be concerned and, indeed, to oppose the current proposals for prison privatisation in New South Wales. No doubt many of these reasons have already been put forward by a number of submissions to this Committee and in evidence given to this inquiry. We wish to focus on just two aspects of the prison privatisation proposal that relate directly to our research and directly to our expertise in the field of accounting and politics.

The first issue we wish to discuss is cost comparisons between public and private prisons. The second is accountability of private prisons to the public. The reason we have made this submission to the inquiry is that we are concerned that there is insufficient evidence to support the claims that the privatisation of Parklea and Cessnock will bring cost efficiencies. We are also concerned about the broader impact on public accountability that prison privatisation will have. So, first, the issue of cost comparisons between public and private providers. Typically privatisation of public services has been justified by the arguments that lower costs are enabled through private provision. Such an argument necessarily relies upon the ability to make cost comparisons between public and private provision, in this case between public and private prisons.

For these cost comparisons to be meaningful the same standard of measurement must be applied to both public and private providers. In the case of prisons, this means that the same methodology for the calculation of costs must be applied to both public and private prisons. It also means that the costs of prisons being compared have to be of the same type. So, with different types of prisons, for example, as classified by different levels of security, different medical requirements of prisoners, if they have different operating costs, then these must be accurately accounted for in any cost comparisons. Furthermore, the full costs to the public of privatisation, such as the risks and the liabilities that are borne by the public in the event of any prison market failure, have to be factored into any cost comparison. Finally, the methods and the data used for arriving at such cost comparisons must be clear and transparent.

The Hon. TREVOR KHAN: Could you repeat that last point?

Dr CAHILL: Yes. The methods and the data used for making any cost comparisons have to be clear and transparent. We believe that failure to meet any of the first three requirements would mean that the cost comparisons are not meaningful, and failure to meet the

final requirement would mean that the public is being asked to take the cost comparisons on trust. In our view, public accountability would be diminished if that were the case. I will now hand over to Dr Andrew, who will outline some of those issues in more detail.

Dr ANDREW: Some of the practical problems of making cost comparisons between public and private prisons are highlighted by the New South Wales Parliament's public accounts committee's report "Value for Money from NSW Correctional Centres" released in September 2005, a report we have written about in peer review papers. The report considered different approaches to correctional service delivery in New South Wales and in doing so sought to make cost comparisons between public and private provision providers. At the time the Committee was aware of commensurability problems in making cost comparisons between public and private prisons. This is acknowledged several times by the report. Indeed, the report recommended that methods of cost comparison be improved in the future in order to enable more meaningful and accurate comparisons between public and private prisons.

Despite being aware of such problems, the report proceeded to construct an indicative yet crude model for the basis of cost comparisons, however, these cost comparisons were clearly incomplete. For example, it is not clear how Departmental overheads in the management of Juncie were included in the cost comparisons. Based on our research, we concluded that the costings presented in the 2005 report were not sufficiently transparent to enable the claims made within the report that private prisons are significantly cheaper to operate. The failure to develop a comparable costing methodology means that this kind of assessment cannot be conclusive. As a result, we argue that there is insufficient publicly available comparable cost data about New South Wales prisons.

This problem is not unique to New South Wales or Australia; it is an international problem documented in substantial academic literature and is echoed in statements by the New South Wales and Victorian auditors general. In our view, the cost comparisons provided in the 2005 report reveal a lack of rigorous and transparent approach to such comparisons. Based on the transcript of events in this inquiry on 23 February 2009 Mr Schipp claims that the Department has made improvements to its costing methodology. Given that we have not accessed any publicly available evidence of such a claim, we believe the onus is on the Government to provide evidence that its costing methodology is robust enough to enable comparisons between diverse institutions run on very different models. We are also still unclear about how Departmental costs are being allocated to Juncie private prison.

Although Mr Schipp made some statements about direct and absorbed costing methodologies and recommended those to the Committee in February, we remain unsure about the nature of these methodologies and whether they enable a real comparison between the public and private sector. Indeed, we would urge the Committee to re-read the transcript because we believe the costings still remain unclear. In order for decisions about privatisation to be made, the method for determining cost comparisons needs to be clear and transparent. While lower operating costs of the private provider do not in our view constitute a sufficient condition to justify privatisation, it is a necessary condition for any privatisation proposal.

Previous attempts by the New South Wales Parliament to make such comparisons have fallen well short of being comprehensive and in our view, therefore, any comparisons based upon the 2005 methodology would be far from inaccurate and would not provide the basis for forming any view with respect to the relative cost of public-private provision. As noted earlier, we also believe it is essential that privatisation decisions factor in the associated risks and liabilities to the public. Appropriate costings must factor in the risk associated with breaches of

contract into the costs of running private prisons. The risk associated with prison management cannot be transferred in its entirety to the private sector as the Government bears ultimate responsibility for a functioning prison.

The costs associated with this might be quite considerable and, unfortunately, they are rarely considered in privatisation decisions. We would like the Government to explain how it has considered these risks and what provisions it has made to insulate the public against risks that arise if the private prison companies decided to end their contracts with the State or if these companies faced financial difficulties and had to close or if the Government is forced to step in as a result of a breach of contract. We would also now like to turn briefly to the idea, notion and issue of accountability. Having researched prison privatisation over a number of years, we have been frustrated by the restrictions placed upon information about prison operations. It is true, both in terms of the quality of the service that is being provided as well as the means that are being employed to achieve the private objectives of the contracting firms and the ways the private providers are achieving the public objectives of policy makers.

The fact that much information remains commercial in confidence blocks the public's ability to assess the financial benefits of privatisation against the means through which these may or may not be achieved. This is an essential feature of public accountability and it is an issue that often arises when a public service is provided by a private firm. Commercial-in-confidence provisions mean that the public's right to know how its money is being used and subordinated to the private provider's desire is to shield its information from public view and disclosure. This makes it virtually impossible to form any view about how any cost savings achieved by a private provider relate to the broader public goals of incarceration. On this point we note that Mr Woodham's statement about the projected savings associated with privatisation has been removed from the inquiry's transcript of 23 February.

The Hon. TREVOR KHAN: Not a unanimous decision, I might note.

Dr ANDREW: We think that the Government should be compelled to disclose these to the citizens of New South Wales. Not only does the public have the right to know the estimated savings, but also it is incumbent on the Government to explain how such savings are expected. A discussion of this nature without this information does not facilitate public accountability. Asserting that there will be savings is an insufficient basis on which to proceed. We call on the Committee to ensure that the information that relates to the savings Mr Woodham has mooted be made available to the broader public. Even if these savings were accurate, it is essential that the public understands the means through which they will be obtained, and not just in broad terms but in detail. For example, we need to know how much will be saved in salaries and how much will be saved because of technological innovation and so on.

Just to close our statement, we are not in favour of prison privatisation. This is because our research indicates that there is a range of public problems that arise as a result of privatisation. In particular, we are disappointed that a discussion such as this one does not focus on the purpose of incarceration but, rather, on very limited discussion about who can do it better and cheaper. Given that much of our research has focused on the problems with cost comparisons and assessments, we believe that these issues must be resolved before a proposal of prison privatisation can even be considered by the Parliament, and indeed the broader public. In our opinion, inquiries such as this are an essential part of a healthy democracy and for that we are grateful; however, without sufficient information about one of the proposal's key claims, that we save taxpayers money without sacrificing quality, our capacity to engage meaningfully in this process and assess the validity of these claims is limited.

CHAIR: We might begin with Government questions. I usually do not ask questions, but you raised something in your opening statement that I am keen to flesh out. You said that there has been little, if any, discussion of the risks associated with prison privatisation and the costs associated with risk, and you give examples of companies facing financial difficulties, prison companies that might terminate their contract, breach of contract, or the company with the contract having to close. Do you have any overseas examples of that happening?

Dr ANDREW: There is a national example of that in Victoria in the metropolitan women's correctional centre. The Government had to step in and take back that prison because the company breached the contract. My understanding is that that cost \$21 million.

CHAIR: You think that was the cost to the Government above the ordinary operation of running the prison?

Dr ANDREW: Yes.

The Hon. GREG DONNELLY: Thank you for coming today and providing your evidence. Looking at the submission, and at the paper attached to the main submission, I have not had a chance to read it from page 1 to the end, I have just gone through it pretty quickly, but in terms of helping us to come to terms with making a judgment about this whole matter, I read a paper like that and find that it is heavily laden in various parts with, can I say, value judgments in the same way as it can be argued that from the Government's point of view it is acting using certain value judgments in terms of motivation to do things, so we have two different perspectives. For example, with respect to the reasons that have been put forward by the Government about why they are wishing to go down this path, certain things have been said in evidence during this inquiry and whilst it could be argued—perhaps you will argue—that what has been said does not provide you with enough detail to be able to assess what is being said, page 15 of the paper under "Neoliberalism and NSW Prisons" is suggesting that the Government is blindly going down a path which is in fact motivated by an economic policy, and for no other reason. I cannot help but think that the real world is a little bit more complex than that. Would you care to comment on that?

Dr CAHILL: Actually we argue the opposite. We argue that it is not plausible, as some commentators have argued, to suggest that the New South Wales Government and its committees are simply captured by neoliberal ideology and have blind faith in that ideology. We argue in our paper, in contrast to people like Michael Pusey, for example—*Economic Rationalism in Canberra*—and others who have suggested that the turn towards market provision in New South Wales and other States has been a consequence of blind adherence to the ideology of neoliberalism, that a more plausible reason is to be found in a range of competing factors that operate upon government.

We looked at the issue of cost in that report as a reason for justifying prison privatisation. It was our assessment that on the basis of the evidence presented in the 2005 report there was not sufficient information to justify the preference—in and of itself, there was not sufficient evidence to justify the preference the Committee had for privatisation. So we looked at other possible factors and one thing we looked at was the issue of labour costs and the issue of trying to use the threat of privatisation and the threat of future privatisation as a way of disciplining public sector unions and public sector labour.

The Hon. TREVOR KHAN: That is a very cynical approach to take, I would have thought.

CHAIR: Order!

Dr CAHILL: We found some indicative evidence of that. We put it forward as a plausible explanation for the Committee's preference for privatisation in that case.

The Hon. GREG DONNELLY: We have heard evidence from witnesses on other occasions that in terms of dealing with some of the matters identified by the Government as concerns—and putting aside value judgments about the rightness or wrongness—about the running of prisons going to work practices, in the context of resolving completely or at least satisfactorily to a degree that both the union representing the workers and the Government can live with, that has been resolved with respect to Greenfield sites going forward as those sites are built. I think the reference that was given was to an island agreement which sets out the terms and conditions of employment being struck between the employer, that is the Government, and the union representing the workers and, as best we can understand, people are happy with that and that agreement will apply. The sticking point appears to be, at least from the evidence that has been given, dealing with some of these matters in the brownfield sites or existing jails in New South Wales and the Government as employer having real difficulty in getting at least some movement on some of these issues, which have been commented on as overtime, leave arrangements—a combination of the two—and other matters.

We do not have a definitive list. Clearly the island agreements are okay going forward; the problem is with respect to existing jails and negotiating a satisfactory outcome between the parties. Can I put it to you that that is a very—I will not say "straightforward" because it is not straightforward—clear example of trying to industrially resolve negotiation between parties? That seems to be at the heart of the issue in terms of evidence that has been presented, but if you take the whole matter and put it in a philosophical debate I am wondering how you match your philosophical debate about neoliberalism with the reality that has been presented to us between the parties because even the union admits, for example, that the issues to be addressed are industrial issues. Can you comment on that?

Dr CAHILL: Sure. Philosophical issues are part and parcel of every decision that Parliament makes. One way or another we are influenced by them. I sense that you may have misread our paper. We were not arguing, I should stress, that these philosophical and ideological issues were the dominant issues operating at the time.

The Hon. GREG DONNELLY: I did not say that.

Dr ANDREW: As an accountant, I looked at the figures and I thought the figures were misleading and inadequate, and I thought that that required some more significant analysis, so Damien and I decided to collaborate to try to understand why the Committee had been comfortable with presenting a report that had very clearly inadequate costs data. Hence we combined our skills—my accounting skills and his political skills—to come up with some sort of potential explanation for why it proceeded on that basis. I think what is of more concern to an inquiry such as this from my perspective is that the discussions or argument around privatisation rely significantly on cost and we are really uncomfortable with the ways and methodologies that have been adopted in order to present that to Parliament and to this Committee.

CHAIR: We have now run out of time for Government questions. We will now go to the Opposition.

The Hon. JOHN AJAKA: Are you saying that there is a lack of information available, figures provided, simply because not enough figures have been provided or, if I can use a terrible term, there has been a little bit of creative accounting to simply come up with figures that suit the Government or suit the proposition?

Dr ANDREW: Based on our research, I would say the latter is true, that there has been the creation of a figure in order to present some kind of comparative data, but there was not enough information to be able to make those comparisons clear, so it was an estimate in terms of the private prison. Of course, we are talking about the 2005 report and in that report it was stated that Junee costs about \$91 a day per prisoner and the Department of Corrective Services was something like \$185 a day. Obviously that looks significantly different and if I was the average taxpayer and I saw that I would think, "Wow, we're crazy to do it any other way", but on closer inspection we are not comparing the same things and we do not know where the \$91 figure came from.

The Hon. JOHN AJAKA: When they talk about the cost in a prison per inmate, are they only taking into account the costs of those employees within the actual prison system or, for example, in the public institution case, do they take into account employees who are outside the prison system ranging from, for example, the salary paid to Commissioner Ron Woodham, his deputies and staff?

Dr ANDREW: You point to, I think, one of the most significant problems in the comparison because our understanding is that in this report there was an attempt to allocate Departmental overheads to Junee, but we were given no evidence as to what those overheads were, so we do not know what they are or what proportion they are, whereas with the Department of Corrective Services the overheads were allocated. In the previous session here there was another discussion about costs that were completely different from the report, so there is significant confusion about how those costs are being allocated.

The Hon. TREVOR KHAN: I am interested in another area of costs, which particularly relates to some evidence that we heard today with regard to Cessnock. I am not belittling the issues that would apply in Parklea, but it is in a city environment. If it were that Cessnock were to be privatised, which seems to be on the agenda, is it possible to identify the costs associated with the social dislocation of 200 people being thrown out of work?

Dr ANDREW: I think it would be challenging. It is not in my area of expertise to do that, but I am sure there would be people who are economic modellers who could present you with some estimate of those figures.

The Hon. TREVOR KHAN: We do not know who the private operator would be, but say the private operator were to come in and adopt as a policy position, "Look, there have been industrial problems at the jail. The last thing we want to do is replicate the industrial problems that existed before it was privatised, therefore our policy would be no-one who previously worked as a prison officer will get a job with us." We have an already economically depressed area, a considerable distance from other areas of employment, where 200 people may have no option other than unemployment benefits. That must be capable of being costed in some way?

Dr ANDREW: It would be, absolutely, and it is great that you are raising it because they are significant elements that are often left outside the boundaries of decisions like this. It is often a decision that looks at inmate cost per day in each prison, compares them, and then says that one is the cheapest, therefore we should proceed. You are absolutely right. The cost should be included and understood. It is not something that I do, but I am sure it would be possible to do it.

The Hon. TREVOR KHAN: It would seem the Government has made a decision to privatise, for whatever reason. One of the factors that should be built into the equation is the potential impact upon the community in which that facility operates, is that right?

Dr ANDREW: Yes.

The Hon. TREVOR KHAN: In a sense, the building of Junee did not involve social costs because there was no facility there beforehand?

Dr ANDREW: That is right.

The Hon. TREVOR KHAN: Whereas in Cessnock, there are those costs which, if calculable, would be very significant, would they not?

Dr ANDREW: I agree they would be.

The Hon. TREVOR KHAN: The other factor, of course, is that the Junee facility has 790 inmates and currently Cessnock has less than 500.

Ms SYLVIA HALE: It has 450 at the moment.

The Hon. TREVOR KHAN: Perhaps moving up to 650. We heard this morning from representatives of GEO that perhaps the optimal size for a prison is 3,000. That is a frightening prospect, I would have thought.

CHAIR: They did not say that.

The Hon. TREVOR KHAN: I think they did, as an economic model.

CHAIR: They said economically it might be a good model, but operationally it was not.

The Hon. TREVOR KHAN: I do not doubt that. Clearly, there is going to be a difference in the costs of running a facility that is simply based on the number of inmates.

Dr ANDREW: Yes.

The Hon. TREVOR KHAN: And that is on a per head basis as well, is that right?

Dr ANDREW: Yes, that is right.

The Hon. TREVOR KHAN: How do we get a feel for the likely additional costs involved in operating an older facility, as Cessnock is, in comparison with Junee? Is that possible to quantify in some way?

Dr ANDREW: I would say yes. Again, I am saying it is not something that I have done. But I would say, yes, it would be possible to make some kind of cost assessment that relates to the two different experiences.

The Hon. TREVOR KHAN: It reflects my ignorance, as well as the section 430 reports. Are we able to identify other facilities in Australia where there has been the privatisation of an existing older facility, rather than a greenfield development?

Dr ANDREW: I do not know that. There may be examples in Victoria. Actually, the original private prison in Queensland may be a good example.

The Hon. TREVOR KHAN: Do you know how they approached the issue of the employment of former staff at those facilities?

Dr ANDREW: No, I do not. I do not know what happened to the people who were working in those organisations and what happened to them afterwards.

The Hon. JOHN AJAKA: I want to ask you a hypothetical question. I understand your expertise is in accounting?

Dr ANDREW: Yes.

The Hon. JOHN AJAKA: At a great university; I was born in Wollongong. If the Government and the Department were to genuinely open the books to allow someone with your expertise to have a thorough look at the figures, what is actually occurring and all the variables, firstly, is it possible for a real report to come out? Secondly, how long, if you had the appropriate resources, would it take?

Dr ANDREW: I do not know about the last part, how long it would take. I think it would be possible. I am of the view that accounting is a very flexible discipline and we can create all kinds of images using financial information.

The Hon. JOHN AJAKA: That is why I use the term "creative accounting".

Dr ANDREW: Absolutely, and it is very true, very accurate. If there were greater transparency, we would certainly have greater information. Whether it is perfect information, I would probably say no. But if books were opened to me to analyse, I would be very interested to see them and I think that we could come up with a much clearer understanding of certainly how Departmental overheads are being allocated to different prisons.

The Hon. JOHN AJAKA: As to the period, would it take one month, three years, six months?

Dr ANDREW: In terms of doing it?

The Hon. JOHN AJAKA: Yes, providing a report, if you had the appropriate resources?

Dr ANDREW: If I had all the resources in the world, I think we could do it in six months.

CHAIR: We will now go to the crossbench for questioning.

Ms SYLVIA HALE: Dr Andrew, in your opening remarks you suggested that the return of the Victorian women's prison to the public control would cost the community \$21 million. How did you arrive at that figure?

Dr ANDREW: That was not my figure. That was the figure that was publicly available by, I think, the Auditor-General.

Ms SYLVIA HALE: Do you know what matters were taken into account?

Dr ANDREW: What constituted that? They did not own the prison to start with, so they had to buy back the prison, which is perhaps not an issue in the case of Cessnock and Parklea. The only additional thing I know is that purely the administration of that change cost \$2 million. That was just dealing with the changeover. There was, of course, the additional unexpected cost of having to buy it back and then the challenge of ensuring it was staffed appropriately and seamlessly through that changeover.

Ms SYLVIA HALE: In your submission you say when considering privatisation that lower cost might be a necessary requirement but it was not a sufficient requirement. Would either of you like to expand upon that aspect?

Dr CAHILL: Obviously one possible consideration, the one that seems to have been the focus of attention in this case, is the issue of costs. Of course, there is a whole range of other factors that need to be considered in something as crucial as incarceration. There are broader public policy objectives that we are all aware of that need to be met. One issue is whether the private sector can provide the services more cheaply. The second issue is the nature of the services themselves. I guess the third issue is the accountability of the provision of those services.

Ms SYLVIA HALE: Are you suggesting that the full range of services, say, education and health provision, may not be adequately provided, costed or accounted for if a centre is privatised?

Dr ANDREW: I think there are enough examples out there where there have been discrepancies or challenges. So when a private firm has been asked to achieve certain things, how they have gone about achieving those things has been questionable on a number of occasions. That is not just in Australia; globally there are problems. I could give you examples.

Ms SYLVIA HALE: Yes, please.

Dr ANDREW: In Western Australia, a commissioner looked at Acacia prison and one of the things he noted was that the amount of food that was being provided to prisoners in that private jail was less than the State average. When we are talking about the quality of the service and presume that the quality of the service is going to be identical, I do not think that is a presumption we can make.

Ms SYLVIA HALE: So when entering into a contract you would have to virtually itemise every aspect of the service provision in order to be sure it was being complied with to appropriate standards?

Dr ANDREW: That is right. There are other examples. In earlier contracts in Victoria private providers were asked to provide the internal furnishings of the prison. They tried to source those internal furnishings from non-government organisations like St Vincent's de Paul. Interestingly enough, there was nothing in the contract that said anything about that fact. It was just that they had to have internal furnishings, so how they went about doing that was irrelevant to the contract. It is very challenging to come up with a contract that is as tight as is required in a situation like this.

Ms SYLVIA HALE: One of the aspects of this inquiry—and seems to be a feature of so many submissions—is the lack of reliable data, presumably even in relation to key performance indicators.

Dr ANDREW: Yes.

Ms SYLVIA HALE: In the 2005 Value for Money inquiry, one of the arguments in favour of the retention of Junee as a private prison was that it would be a good benchmark against which the performance of the public sector could be measured. Would either of you like to comment on that argument or rationale?

Dr ANDREW: I am happy to comment on that because I think having a private provider as a benchmark is entirely inappropriate in a sector like this. It presumes that that private provider is somehow doing things better than the public provider is. So there is a constant state of competition to achieve as a private provider would achieve. I think it is very problematic. Our argument is, and certainly in our paper it was raised, that it was used as a disciplinary device in other prisons around New South Wales.

Dr CAHILL: Just to add to that, it is made even more difficult given the seeming lack of transparency with respect to the private provider's internal operations. So the more they are shielded from scrutiny, the less the private operator can act as a benchmark against which the public facility can be evaluated. So it is problematic on a number of levels.

Ms SYLVIA HALE: Dr Andrew, I refer to your Critical Perspectives on Accounts 2007 paper. In your conclusions you suggest that both corporations and governments have an interest in a systematic effort to erode democracy. Would you care, either or both of you, to expand upon that commonality of interest?

Dr ANDREW: Definitely. I think Damien can also say something about that.

The Hon. GREG DONNELLY: Point of order: I am looking at a quote. That is actually quoting Noam Chomsky. That is what he says.

Ms SYLVIA HALE: Would you like to comment upon that view?

Dr ANDREW: I think it is an important issue because at one level governments are enabled to retreat from their public responsibilities through contractual arrangements with private providers. So a company does well out of it in that they receive a contract and the government does well out of it because they can often relinquish responsibility, or at least defer responsibility for the provision of that service. I wholeheartedly agree with that.

Dr CAHILL: It is clear that when private operators are contracted to perform public services, public accountability is diminished. From the point of view of the private provider, it is

onerous to have government restrictions upon its operations. The more restrictions that are placed upon the private provider's operational procedures, the more onerous it becomes. Therefore, it is not in the direct interests of the company to be as accountable to the public as the public would like. Therein lies one of the key problems with contracting out of public services to private providers. Accountability will almost inevitably be diminished.

Ms SYLVIA HALE: Indeed, it is the duty of the directors of a private company to be accountable to their shareholders. That is their primary responsibility.

The Hon. TREVOR KHAN: That is the case as a matter of law.

CHAIR: Order! One person at a time, please.

Ms SYLVIA HALE: It would seem to me that there is an essential conflict of interest, because one is supposedly accountable to the public and the other to a group of shareholders.

Dr CAHILL: Absolutely. From the point of view of the company, it is perfectly reasonable to ask that its operations be quarantined from public scrutiny and from full disclosure. However, that is clearly not in the interests of broader public accountability.

CHAIR: If the Committee members were to send you some additional questions, would you be happy to answer those questions within the 21-day timeframe?

Dr ANDREW: Absolutely.

Dr CAHILL: Yes.

(The witnesses withdrew)

CRAIG LAWRENCE BAIRD, Manager, Prisoners Aid Association of New South Wales, affirmed and examined:

CHAIR: If at any stage during the hearing you consider that certain evidence you wish to give to the Committee or documents you may wish to tender should only be seen by the Committee, please indicate that fact and the Committee will consider your request. If you take questions on notice today, the Committee would appreciate it if the responses to those questions could be sent to the Committee Secretariat within 21 days of the date on which the questions are forwarded to you. Before Committee members start asking you questions, would you like to make an opening statement to the Committee?

Mr BAIRD: Yes, I will make a short opening statement. The Prisoners Aid Association is a small organisation with three full-time workers and one part-time worker. We are funded by the Department of Corrective Services to provide banking services and property services, with regard to the collection and storage of property, to inmates in New South Wales jails. We are only funded to provide those services at the Silverwater complex, Parklea and Long Bay at this point in time. Our workers go into the jail each week. We have a lot of contact with inmates. Our management committee discussed the hearing that was to be on today and got together a submission, which you would all have.

There are a number of issues that are of concern to the association in terms of the privatisation of prisons. It would be fair to say that there is a general philosophical view within the association that we would prefer that governments run jails, through the public sector. In relation to that, we are concerned in terms of accountability and an open process, and information being available to the public on the operation of the prisons and how that can be adequately managed when a private provider is providing the service, in terms of commercial in confidence issues that are always seen to be in these arrangements.

I suppose from a more selfish aspect on behalf of the association, we currently have a good relationship with the Department of Corrective Services in going into the jails and providing our services. We are concerned, specifically in this case, how the privatisation of Parklea will affect our access to the jail and how that will be managed. If a private provider decides that our services are not required or the inmates do not need them, we are concerned about how that will affect us and how it will affect our clients. Finally, we are concerned about the emphasis of a private company in running a jail on a for-profit basis and the effect that may have in terms of rehabilitation programs and services for inmates.

The Hon. JOHN AJAKA: In the second paragraph of your submission you say that the core government responsibility of a correctional system is best left to the elected government of the day to administer. Have you been to the Junee facility?

Mr BAIRD: I went to Junee when it first opened. That was a fairly long time ago.

The Hon. JOHN AJAKA: Recently?

Mr BAIRD: No, I have not been there recently.

The Hon. JOHN AJAKA: Have you had much to do with the prisoner population at Junee?

Mr BAIRD: While we are not contracted to provide services to Junee, we occasionally get requests from inmates at Junee. As a community service organisation, where we can deal with those matters that inmates request, unfortunately, more and more we cannot because we just do not have the resources. But we do have occasion to deal with inmates that are in Junee correctional centre and also with the chaplains at the correctional centre.

The Hon. JOHN AJAKA: If the Government is not running the prisons properly, and prisoners are not being cared for in the appropriate manner, and it can be done so on a private basis, would it not be more appropriate to consider privately run prisons?

Mr BAIRD: I suppose that becomes a bit of a judgement call in how the private operator runs the jails. As I say, I have not had any specific complaints from inmates at Junee. We do have issues occasionally with contracting staff and getting messages to inmates. In the jails that are government run, we have inmate services and programs officers that we have good contact with. At Junee we have to rely on the chaplains—who do a wonderful job, but they are being lumped with all the work that previously would be done by paid employees of the Department.

The Hon. JOHN AJAKA: You personally do not have any specific case studies where you could compare the situation at Junee with the situation at Long Bay or Silverwater?

Mr BAIRD: It would be very difficult to get an exact comparison.

The Hon. JOHN AJAKA: On the next page of your submission you say, "This is in contrast to a private company with less interest in public safety and costs and a clear interest in ensuring prison beds are full so that its profit is maximised." Earlier today we heard from The GEO Group that they are paid on basis of a fixed contract and fixed beds, regardless of whether the beds are at 100 per cent capacity, 97 per cent capacity or 90 per cent capacity, and it makes no difference to what they are paid. Knowing that, does that change your view as expressed in that paragraph?

Mr BAIRD: I suppose it does, in a sense. It perhaps lessens that, if it does not matter whether the beds are full or not. But I still cannot figure out how it can be in the Government's interest. It may be in the private company's interest to run a jail with nobody in it and to take the money, but I cannot see how it can be in the community's interest to have a jail that is half empty.

The Hon. JOHN AJAKA: My question to you is this. There really is no incentive for the private prison to keep the prisoners there longer, when they have no control over—

Mr BAIRD: I am probably speaking in a more general sense. If you have nobody in jails, private companies would not be interested in running them. Obviously, private companies have an interest in there being an inmate population; otherwise they would not have a job to do.

The Hon. JOHN AJAKA: Towards the end of that page you talk about your funding coming from the Department of Corrective Services. I gather from what you say there that you are not certain what would happen if there were a privately run prison.

Mr BAIRD: Yes.

The Hon. JOHN AJAKA: If it were part of the contract that the privately run prison was to not only utilise your services in the same way as the Department of Corrective Services utilises them but also to provide the funding for that, would that eliminate that concern?

Mr BAIRD: That would obviously eliminate that concern. Our main concern is access to our services for the inmates in the jails from a practical point of view, and that comes down to a funding issue. If that were to be managed within a contract, that would obviously resolve that issue.

The Hon. JOHN AJAKA: Likewise, if the Government continued the funding, irrespective of whether the prison was operated privately or publicly, again that would eliminate your concern?

Mr BAIRD: It should. Obviously there would need to be some discussion in terms of access to the jail and dealing with a private company security person as opposed to corrective services. That would not be totally unresolvable, I would imagine, but there would be issues that would need to be addressed in terms of any contract that was signed.

The Hon. TREVOR KHAN: You indicated that from time to time you have contact with prisoners from Junee. Are you able to describe what they are looking for your organisation to do?

Mr BAIRD: Most of the work from Junee relates to collecting and storing property for inmates. Basically, when inmates are picked up by the police they generally get picked up off the street, or where they are living they may have property in a boarding house, or they may be at a Matthew Talbot hostel or one of those institutions, or a Department of Housing or private rental property, and often they need those items secured so that they can have them when they get released. It might not seem much to you and me in terms of what it is, but often it includes identification documents, and if it is all they have got it is very important to them. At the moment we are not funded to provide that service to Junee. The main demand for our services is in remand centres, when people are new into the system. They tend to get those issues resolved there. As they move through the system, over time they have less and less need for that property collection service or the assistance with financial transactions.

The Hon. TREVOR KHAN: This may not fall within your area of responsibility but it may fall within your knowledge. As we all know, prisoners are moved around in the system, sometimes with little notice and sometimes for reasons that are difficult to understand. A prisoner has his television, his kettle, and whatever else he has acquired, and he is moved to another facility and the items do not go with him at the time. Do you know if there is any difficulty in terms of the prisoner who is moved, say from Parklea to Junee, or from some other facility, if there is a problem in the items going with them from Junee into the public sector jail?

Mr BAIRD: Issues such as those arise occasionally within the Department's jails. Generally I think it is managed fairly well, although there is the odd occasion when for some reason property does not end up on escort trucks with the inmate. Often that ends up with a phone call to us to try to figure out where it is and we try to resolve the issue and get it to the inmate, which we are happy to assist with as much as we can.

The Hon. TREVOR KHAN: I understand that that happens, but I am wondering whether there is a systemic problem in terms of people moving from a public facility to a private facility and from a private facility back into the public system.

Mr BAIRD: No, I would not say there is a systemic problem with that, that I am aware of. We deal with the reception room at Junee and find them quite good to deal with and they are always trying to sort through things. I am not aware of any systemic issue between the public and private jails in terms of property going backwards and forwards.

The Hon. TREVOR KHAN: In your evidence in answer to the Hon. John Ajaka you spoke about your ability to communicate with prisoners at Junee. Do I take it that your evidence is that, unlike the public system, in Junee there is no-one employed as a welfare officer per se and you have to rely upon prison chaplains, who are doing it on a voluntary basis?

Mr BAIRD: Yes. It would be fair to say that they are not really called welfare officers within the Department's section; they are programs and services officers. They were welfare officers when I started. They are paid people who have a responsibility to look after those issues, and they are our main contact point as an association within the jails. Because we are not funded to provide a service to Junee, that probably makes the issue not a huge issue for us. I would be more concerned in the case of Parklea, where we are funded to provide a service and the chaplains there already have a lot to do. If that fell to their job list, I just do not think it would be manageable. Certainly over time when we contact Junee regarding inmates we are continually put through to the chaplains—who, as I say, do a very good job and we work well with them, but they have very limited resources.

The Hon. TREVOR KHAN: Do I take it that one of the things that I can draw from that is that in terms of the staffing arrangements between the private institution and the public institutions, that that welfare component is one of those that is different between the two?

Mr BAIRD: Certainly within our experience, that would seem to be the case.

The Hon. TREVOR KHAN: In terms of other jails apart from the ones that you cover, so if we look at Cessnock or ones like the one in my hometown of Tamworth, what is your capacity of getting in contact with prisoners in those jails?

Mr BAIRD: It is very good because we are able to contact the inmate services and programs officer who is there. We do not get a lot of demand from those jails, I suppose because the inmates have been within the system for a while—

The Hon. TREVOR KHAN: Yes, regrettably.

Mr BAIRD: So the demand is not like the MRRC or Parklea, where there is a huge demand, but we are able to contact people and get in touch. I would say that our communication within those Departmental jails is better than with Junee, not taking away from the very good work that the chaplains do at Junee, but it is just the resources.

The Hon. TREVOR KHAN: We will accept that caveat. In terms of facilities like St Heliers or the prison farms, is there a welfare component that covers those jails as well?

Mr BAIRD: Well, their inmate services and programs managers that we are able to contact.

The Hon. TREVOR KHAN: Am I able to conclude that there is a difference between Junee and the public institutions in terms of the provision of welfare services to the jails?

Mr BAIRD: In my experience, yes.

The Hon. TREVOR KHAN: Is there are any other difference that you can point to in terms of the way prisoners are managed or facilities are provided to prisoners in Junee in comparison with those in the public sector jails?

Mr BAIRD: It would probably be outside my area of experience. I think I would be guessing if I was to make assumptions on that.

The Hon. TREVOR KHAN: I do not want you to guess.

Mr BAIRD: And I have not been at Junee since basically it first opened so that is a lot of years so any experience from them may well be irrelevant. Certainly I found the attitude of the officers on that visit very refreshing in a sense in the way that they dealt with but it had to be taken into account that the jail was only a third full at the time and that probably reduced their levels of stress, which is always an issue, I think.

CHAIR: If you go into boarding houses and so on and collect prisoners' belongings for them, what do you do if they have a pet?

Mr BAIRD: I have been with the association about 15 or 16 years and probably on about four or five occasions I have had that situation arise. We actually transported a pet interstate for one inmate to get it cared for, or we contact the RSPCA if there are issues generally in terms of when we go to collect property.

The Hon. HELEN WESTWOOD: I missed your introduction so if I ask a question you have already answered by way of your opening statement, I apologise. Do you always provide services on request by an inmate or could a family member also contact you?

Mr BAIRD: Family members do contact us at the office, but primarily it is through an inmate putting their name on a list at the jail requesting to see us. From time to time family members do contact us and where the inmate is housed in a jail where we provide a service and we can manage it, we will obviously arrange to see the inmate on our next visit to try to sort out the issue that needs to be resolved.

The Hon. HELEN WESTWOOD: Are the services that you provide those that need to be conducted outside the prison, such as business, and inmates cannot carry them out themselves so you do it on their behalf?

Mr BAIRD: Yes, pretty much it is as I explained, property collection and storage and the other one is financial transactions. When an inmate first goes into jail, often they have money in their Commonwealth account or whatever account, which they want transferred to their prison account so they could use that for buy-ups within the prison system, so we do that banking for them and also assist with property collection and storage.

The Hon. HELEN WESTWOOD: You are funded from Corrective Services?

Mr BAIRD: Yes.

The Hon. HELEN WESTWOOD: To only provide services to Departmentally operated prisons?

Mr BAIRD: Not all the Departmentally operated prisons, just the Long Bay complex, Parklea and the Silverwater complex of jails.

The Hon. HELEN WESTWOOD: Do other organisations provide services to those other jails that you are aware of?

Mr BAIRD: No, basically it tends to fall to the chaplains to try and organise things. We often receive property for inmates in those jails and we can store it because it does not cost us much time in terms of our staff to do. If somebody arranges to pick up the property for an inmate at Tamworth or whatever and sends it down to us, we can put it in our storage facility, that is no drama. Normally, because our resources are pretty small, we can really only deal with requests that come from the jails that we are contracted to provide a service to.

The Hon. HELEN WESTWOOD: Is that all the work that you do; all the funding you receive is via those contracts with Corrective Services?

Mr BAIRD: Via one contract with Corrective Services.

The Hon. HELEN WESTWOOD: Did you offer to provide services under contract to the private operators at Junee?

Mr BAIRD: Not at the time. It is stretching my memory as to why particularly but I think a lot of the issue that we have with country jails—I mean, our services initially were provided by our workers going into the jails and if we go back 30 years, the association used to do country visits to jails and drive around the State and see inmates. Today we have emails, fax machines, authorities and things like that can be transferred without us actually having to go into jails, which is why we do continue to take on some work from those jails that we are not funded to do where our resources allow because authorities can be faxed through to us and we can assist them. As I say, if we can find the time to assist, we like to assist everybody that we can.

The Hon. HELEN WESTWOOD: You said you have had inmates from Junee contact you?

Mr BAIRD: Yes.

The Hon. HELEN WESTWOOD: Who pays for that service then?

Mr BAIRD: I suppose the Department of Corrective Services does, in essence, because they pay the wages of our staff who are there to answer the phone, so Corrective Services essentially pays for that service even though it is not outlined in the agreement.

The Hon. HELEN WESTWOOD: You referred to the inmate services and programs manager. Do I understand you correctly in saying there is no equivalent position within Junee?

Mr BAIRD: My understanding—and I have not looked at the issue for a while; it was an issue when the jail first opened in Junee—is that they were called counsellors. I do not know whether the term has changed but basically they would not deal with us. We had to go through the chaplains.

The Hon. GREG DONNELLY: First, I acknowledge and compliment you on the work that your organisation does. Prisoners are individuals who need to be treated with dignity and respect and the service that you provide in these two areas is important to them and is well acknowledged and appreciated. With respect to the organisation in New South Wales, do you have sister organisations in States where there are private prisons?

Mr BAIRD: We do not have sister organisations as such. We do have occasional telephone hook-ups between similar organisations in other States and certainly we are occasionally in contact with VACRO in Melbourne, a Victorian Association for the Care and Resettlement of Offenders and other State bodies across the country, just generally talking about issues that come up.

The Hon. GREG DONNELLY: We are aware that in Victoria there are two privately run prisons. In terms of your contact with your colleagues interstate in Victoria or even in other States, if there are private operations, have you had people share with you problems, issues or concerns that they have experienced in the context of providing an equivalent service to your own inside these establishments?

Mr BAIRD: Not specifically. It would be fair to say amongst all the organisations across the country that there is, I suppose, a philosophical position that jails are best run by a government Department. Coming from that perspective, when it comes up, it is generally in a negative—

The Hon. GREG DONNELLY: Sure, I am not questioning that.

Mr BAIRD: But in terms of specifics, I cannot recall any off the top of my head.

The Hon. GREG DONNELLY: That is fine, it is just that as part of this hearing most of us around the table are struggling to get some clear insights into what happens at Junee, which is the only privately owned prison presently in New South Wales and any information we are able to obtain will help our understanding of what it is like inside a private prison and issues pertaining to that.

CHAIR: Can you explain your relationship with other organisations that assist prisoners, for example, CRC, because CRC was unable to appear before the inquiry, and whether CRC has any difficulties with inmates being released from Junee versus government-run prisons?

Mr BAIRD: I am not aware of any specific difficulties with inmates being released from Junee in comparison to government jails that CRC has raised with me. We have a good relationship with CRC and we actually share premises so I see them on a daily basis, but also the other organisations, Shine for Kids at Silverwater, which has a number of other locations now and some of their supported accommodation options, Guthrie House, Rainbow Lodge and Glebe House, we also have fairly common contact with.

I suppose our association is a little bit different to all of those associations, certainly the accommodation providers to ex-offenders. We are not in that kind of area at all. We are dealing purely with inmates within the jails generally and also with their families from time to time. I could not comment on any difficulties they have had. They certainly have not raised any specific difficulties. Once again, there probably is a general feeling that jails are better run by a government Department, just in terms of accountability and the openness of the process.

Ms SYLVIA HALE: It is difficult to try to do a comparison between Junee and the public sector because of a lack of hard information and also prison officers are not transferred to Junee and then back again. The only people who presumably could tell us are the inmates themselves and we are not getting the opportunity to really talk to them. Do the chaplains only work in one prison or would they switch amongst prisons?

Mr BAIRD: You are probably best to direct that at the chaplaincy program, I suppose. My understanding is that if the opportunity arises they can move about and change jails from time to time if they wish to and there is a vacancy somewhere. That is my understanding. I do not know that for sure. In terms of the comparison thing, the difficulty for us as an association, we deal with remand and reception centres mainly; that is where our big demand is and Junee is not one of those. Probably if what happens happens at Parklea we will probably have a very good comparison up but whether it would be manageable will be another question because the needs of an inmate at a reception jail are fairly different from the needs of an inmate who has served four or five years and is getting ready for release.

The needs of an inmate who has just come into the system are very immediate. They are concerned about their family, their property, they want that banking done and they just want to try and get settled. From an emotional point of view, when a person first goes into jail, there is a fair bit of shock and apprehension, and over a period of time I think people become more comfortable with where they are on an emotional level and are able to handle things better. I think when you are comparing, a bit like the previous people, apples and oranges, inmates at various stages of their sentences have differing needs and differing priorities. Unless you are comparing a remand and a reception centre with a remand and a reception centre, it is very difficult.

Ms SYLVIA HALE: I think you said, and I hope I am not misquoting you, that at Junee initially they were reluctant to deal with Prisoners Aid—the counsellors were?

Mr BAIRD: The counsellors were, I would say.

Ms SYLVIA HALE: Why was that? Do you know?

Mr BAIRD: I am not too sure. I do not think they saw it as their role to deal with property requests from inmates. I do not know whether they saw it as particularly valued, and particularly people, I suppose, in a counselling type role, possibly their priority is not about immediate things but kind of longer term counselling. I am not particularly au fait with what their job description is, but just the term "counsellor" I think—I am probably making an assumption—they saw it as a little bit above their role to deal with that day-to-day stuff in terms of securing property and things like that.

Ms SYLVIA HALE: I find that interesting because we had evidence in the submission from the Teachers Federation today, for example, looking at the role of the permanent workforce and saying that they took on tasks such as participating in assessments of prisoners—and I think there were four or five other tasks—and filling in relevant details about educational attainments, whereas at Junee, where there was a casual workforce, there was a much greater reluctance to do that because it was not seen within the scope of their duties. This might be yet another instance of that demarcation, as it were.

Mr BAIRD: Yes.

Ms SYLVIA HALE: You say that your greatest work is with people on remand. Cessnock has a remand population. Who currently looks after their needs?

Mr BAIRD: It is really for the welfare and the chaplaincy. As I say, as with any other jail, we do occasionally get phone calls with people needing property picked up, and if it is from the Sydney area and they are in Cessnock and it is not a huge drain on our resources we will agree to do it. But, strictly speaking, it is not within the terms of our agreement so we cannot do that work and let other work that we are funded to provide slide. So, we do get requests and from time to time are able to deal with them.

Ms SYLVIA HALE: If Cessnock is privatised and it still keeps a significant remand population, there is a likelihood that the operators will pursue a similar policy, particularly if the same private company wins the contract?

Mr BAIRD: Yes. I suppose you do not know until it occurs, but it would be a concern because that seems to have been the issue with Junee, that we have to deal with the chaplains all the time. That is not to say we do not deal with chaplains in government jails from time to time, but our main contact point is the employed staff.

Ms SYLVIA HALE: At Prisoners Aid do you restrict yourself basically to banking and property services? Did you ever take on a larger range of services?

Mr BAIRD: They have always been our main services; certainly in the 15 years I have been at the association and primarily before that as well. We also do emergency financial assistance to ex-offenders and families of inmates, but that is not a funded service; that is funded through donations that we receive to give that assistance. It would be fair to say that over the years it has narrowed in terms of what we can do just with the resources that we have.

Ms SYLVIA HALE: That is because there has been a contracting of government assistance?

Mr BAIRD: Not a contraction of government assistance so much as, I suppose, an inability to keep up with the increasing prison population and demand for services. I remember when I started with the association I think the inmate population was about 4,000 or 5,000 and now we are at 10,000, and, essentially, our staffing arrangements have not changed—I think we might have gained an extra half a position over that time.

CHAIR: What is the complement of your organisation?

Mr BAIRD: Three full-time staff and one part-time.

The Hon. HELEN WESTWOOD: What is the population that you service at those prisons that you are contracted to?

Mr BAIRD: In the year up until 30 June 2008, off the top of my head I think it was round about 5,500 to 6,000 incidences of assistance.

The Hon. HELEN WESTWOOD: With three staff?

Mr BAIRD: With 3.5 staff, yes.

Ms SYLVIA HALE: How long have you been involved with Prisoners Aid?

Mr BAIRD: Around about 15 or 16 years now.

Ms SYLVIA HALE: To your knowledge, as you would have had active communication with prisoners and people working within the system, about four or five years ago the Government dispensed with the position of Inspector of Prisons. Did you have any views on that or see any impacts of that?

Mr BAIRD: I suppose we had a fairly good relationship with the inspector general at the time, as did other community organisations. He was very amenable and open to see us and hear our concerns. I suppose we would have preferred if he had stayed and that position had remained.

Ms SYLVIA HALE: What role did you think that position was performing?

Mr BAIRD: It seemed to give inmates a good mechanism for having their complaints dealt with, but also, I suppose, from our organisation's perspective, a contact point for us where we saw wider issues as well to speak to the inspector general about concerns that we had. I think other community organisations were pretty much of the same opinion. I remember going to quite a number of meetings with other organisations and the inspector general regarding issues.

Ms SYLVIA HALE: I have encountered complaints about prison visitors who tried to pursue prisoner complaints, their services being dispensed with. Have you ever encountered that?

CHAIR: Official prison visitors?

Ms SYLVIA HALE: Yes.

Mr BAIRD: I am not aware of that ever occurring.

Ms SYLVIA HALE: Would you agree then that the more the system moves towards privatisation the greater the level of accountability and transparency is required?

Mr BAIRD: I would agree with that, yes.

Ms SYLVIA HALE: Would you think that the level of transparency in relation to Juneec is of the same order as that in other prisons?

Mr BAIRD: I would be reticent to comment because I am really not particularly au fait with it. There was a liaison person originally and I presume that position still exists; I am not 100 per cent sure. I really do not have the information to comment on that basis.

The Hon. HELEN WESTWOOD: You referred to the increase in the prison population and the impact that has had on the increase in demand for your service. What about since the bail laws have changed? Has that changed your workload significantly or perhaps the type of work or the component of work?

Mr BAIRD: The type of work is still basically the same. Obviously the change in the bail laws increased the prisoner population; it increased the workload. Less people getting bail means

more people that have to rely on our services, because they only need our services if they are in jail.

The Hon. HELEN WESTWOOD: Have you had any discussion with the Department since the proposal for privatisation has been in the public forum?

Mr BAIRD: There has been no specific discussion. We have regular meetings with the Department and their officials every six to nine months or so and it may have been mentioned from time to time, but no specific discussion regarding it.

Ms SYLVIA HALE: So you have been given no information about what is likely to happen should Parklea be privatised?

Mr BAIRD: Generally we have been given information in terms of the view to privatise Parklea and Cessnock.

Ms SYLVIA HALE: But no guarantee of continued access?

Mr BAIRD: I suppose no guarantee of continued access. But, to be fair, nobody is saying, "You won't have access". So it would be unfair to say that it was just negative. Those issues may have been looked at by the Department but have not been discussed a lot with us as an organisation. But obviously if it goes further and further down that path that is something that we need to nut out.

Ms SYLVIA HALE: You think that those sorts of consideration should be dealt with before any privatisation contract is entered into rather than after?

Mr BAIRD: I would certainly think that it needs to be talked about and decided before a contract is entered into so that mainly clients have access to our service; that it is guaranteed that they can get the access.

The Hon. JOHN AJAKA: If I heard you correctly, basically the prison population has almost doubled in the last 15 years and your staffing has been about the same, so you have to take up the extra slack. Who sets your budget?

Mr BAIRD: We respond to an expression of interest that is put out by the Department of Corrective Services to provide services to specific jails. We then do a submission. It is a three-year agreement in which we put in the amount of money that we believe it will cost us to provide those services to those jails. In essence, the way it has been dealt with, when I started with the association we used to go to virtually every Sydney metropolitan jail from John Morony, Emu Plains—Long Bay was a bigger jail when the MRRC was not open. When the MRRC opened that had a big impact and tied up a lot of our work there just at the one location, because 15 years ago your biggest jail really only had about 300 or 400 people in it.

The Hon. JOHN AJAKA: It would be obvious that if the population doubles then you are only left with one of two choices: seeing far less people and providing exactly the same service, or seeing far greater numbers of people but providing a much reduced service. Which category do you fall into?

Mr BAIRD: You have to be mindful of budgets; other Departments have budgets and there are not endless resources there, like any government Department. Our high demand areas

are the property and the banking and we are keen to maintain those services, and we would like them to be available more widely in the Sydney metropolitan area and to inmates on remand.

The Hon. JOHN AJAKA: Have you attempted to seek more funding from the Government to be able to increase the provision of your services?

Mr BAIRD: Our last funding submission included—I think it was for a full-time worker to do Parklea, and we got some extra hours; I think we got moved from two days a week to two and a half days a week to deal with Parklea, which is quite a large jail now.

The Hon. JOHN AJAKA: So you got half a day instead of a full week?

Mr BAIRD: We have got a part-time person that does all of Parklea.

The Hon. JOHN AJAKA: When was that request made?

Mr BAIRD: We entered into the new agreement on 1 July last year. It is a three-year agreement.

The Hon. HELEN WESTWOOD: Just to go back to the issue of Parklea where you currently provide services, the Department has not spoken to you at all in terms of getting information from you about the services that you provide or what the needs might be with a view to moving to privatisation?

Mr BAIRD: Not with a view to moving to privatisation. Certainly when we put in our last submission there was discussion in terms of the resources that were required and we were able to get a little bit of extra money to get some extra time out of the jail to provide the service, but nothing specifically in relation to the privatisation.

CHAIR: Thank you very much for coming in to give evidence today and I think probably to educate the whole Committee a little bit about the work of the Prisoners Aid Association. I do not think you took any questions on notice, but if the Committee members have any further questions that they want to send to you, would you be able to answer them within the time frame we indicated?

Mr BAIRD: I will do my best, yes.

(The witness withdrew)

(Short adjournment)

ALISON PETERS, Director, Council of Social Service of New South Wales, and

SAMANTHA EDMONDS, Deputy Director, Council of Social Service of New South Wales, affirmed and examined:

CHAIR: If during the course of proceedings there are any matters you wish to raise or documents you wish to table that you only want to be seen or heard by the Committee, would you please let us know and the Committee will take that into consideration. The Committee has resolved to ask that any questions taken on notice to be returned within 21 days of the day you receive them from the secretariat. Is that acceptable to you?

Ms PETERS: Yes.

CHAIR: Would either of you like to make an opening statement?

Ms PETERS: I will make a very brief opening statement. The Council of Social Service of New South Wales [NCOSS] has provided a submission to the inquiry that is limited in scope to one particular element: the issue of health service provision within prisons. We have done that on the basis that in this area we feel we can add to the Committee's understanding of the issues and it is also an area where we have some particular principles and recommendations that we think might be of value to you.

NCOSS does not have a broad opposition with respect to the overall question of privatisation of prison services. We do not want to get into what has been portrayed as an ideological debate about the rights and wrongs of the provision of service, whether they are state-based or the private sector. However, on the issue of health services we have some principles we believe are important, regardless of who may be providing the services, that we think may be of use to the Committee.

Ms SYLVIA HALE: In your submission you talk about the possibility of there being false economies if a prison is privatised and yet we retain the public system. I quote from page 6 of your submission:

In such cases the use of private providers would represent a false economy—with the public purse continuing to meet the costs of prisoner health care and at the same time funding a private provider for this function.

Would you elaborate on that?

Ms PETERS: This comes from anecdotal evidence that in some privately run prison facilities patients who might have high health care needs are removed to other prisons or their health needs are taken care of by the general health system so the health costs that they might quote upon actually reflect a lower health need than other prison facilities. Unfortunately, while we understand that this is a practice that has occurred with the Junee facility, for example, it is anecdotal only. Because we do not have access to data about the prison population and what their health requirements might be, we are unable to make a comment as to whether or not that is accurate. However, if that were to be the pattern, and it certainly has been in a number of jurisdictions that we are aware of, then you are not really comparing apples with apples: you are comparing apples with oranges.

Ms SYLVIA HALE: We have heard evidence about prisoners moving between Junee and the State system so it is quite possible that that might be the process that is used to offload prisoners with high needs?

Ms PETERS: It is certainly feasible, yes.

Ms SYLVIA HALE: On the same page of your submission you talk about the figures for the provision of health services that were given in the 2005 value for money inquiry. You say the figure provided by the GEO Group to the Public Accounts Committee suggested that they were able to provide health services at Junee on a per inmate per day basis at half the cost of the Long Bay hospital, which is run by Justice Health. What does that concern you?

Ms PETERS: Again, part of it goes to one of the principles we believe is important to us: transparency and the collection of data that can be compared with the data held and available by Justice Health, for example. It is very hard for us to understand whether the cost differential, as outlined to the Public Accounts Committee, is actually driven by innovation or whether it is because essentially if the prisoners have a serious health issue are moved to another facility so they do not appear within the books of the GEO Group.

Ms SYLVIA HALE: It could be a case that they are moved out, or the health care they receive is not of the same standard as in the public system?

Ms PETERS: Because we do not have access to the same level of transparency and data we are unable to make that judgement.

Ms SYLVIA HALE: In an earlier submission from Community Against Privatisation, a group based in Cessnock, it was suggested that the figures available for Junee showed at one point the urine analysis of prisoners at Junee represented a 34 per cent positive response when tested for drugs. Whilst that was at one point, the lowest it got in that same period was about 15 per cent, as opposed to 12 per cent for the Department of Corrective Services prisons. Who pays for the drug testing?

Ms PETERS: I'm afraid I cannot answer that. I do not know.

Ms SYLVIA HALE: If it were to be testing that was carried out across all prisons, whether they be public or private, the chances are that it might either come out of the Department of Health's budget—via Justice Health—or the Department of Corrective Services' budget, and that could be an additional cost that the State picks up and not the private provider?

Ms PETERS: I do not know.

The Hon. Greg Donnelly: Point of order: I appreciate these are broad ranging questions but Ms Sylvia Hale is posing almost what is a hypothetical on a hypothetical. That is being posed to the witness with an opportunity to respond. It should be clear that it is put to the witness as a hypothetical, so the witness understands it is a hypothetical question and she can then respond that her response is hypothetical.

CHAIR: Witnesses might bear that in mind when they are answering questions. I suggest to Ms Sylvia Hale that she note the question down to ask the representatives of the Department of Corrective Services when they appear before the Committee.

Ms SYLVIA HALE: I shall do that. I was wondering whether the witness has any inside knowledge that the Committee does not have?

Ms PETERS: No, I'm afraid I do not.

Ms SYLVIA HALE: Is it a concern to you that there seems to be so little knowledge about health provisions?

Ms PETERS: Certainly with respect to health provisions it is one of the principles we highlight in our submission. Given the health needs of prisoners, and the poor health generally of the prison population, health services are a quite critical component of the prison service. We think there needs to be some scrutiny and transparency and publicly available data so we can monitor and ensure that the level of health service is appropriate, regardless of who is providing that service.

Ms SYLVIA HALE: Presumably with the expanding prison population, is it correct that there is a far greater representation of inmates who are suffering, say, mental health problems in prisons than those suffering similar problems in the community as a whole?

Ms PETERS: In our submission we draw attention to figures from the inmate health survey, which I think might be a little dated now as the last one was done in 2001, but it does generally show that the prison population have significantly poorer health outcomes than the general population. I think it is also fair to say that some of the most disadvantaged population groups in New South Wales are also overrepresented within the prison system. It is therefore not surprising that the poorer health outcomes those groups have is then doubly reflected in the prison population. It is a concentration of a concentration of disadvantage.

Ms SYLVIA HALE: Would you think if one were proposing to privatise any prisons, that the key performance indicators in any contract should very specifically identify the health provisions that need to be made and should they be publicly accountable?

Ms PETERS: One of our recommendations to the Committee is that in any decision about who should run a prison, the health services should be provided by another independent agency. I do not think that would take away from the point you are making that the health of prisoners would be a key performance indicator both of the health service provider within the prison setting but also of the prison service.

Ms SYLVIA HALE: Would you outline to the Committee why you think it is important to have that independence?

Ms PETERS: This comes as best practice policy, and comes from policy developed by the World Health Organisation, where they see that the health service provision within a prison setting should be separate from the running of the prison service itself for transparency, and to ensure that the health needs of the people involved are catered to rather than perhaps, if I could say, the incarceration prison-driven needs.

Ms SYLVIA HALE: Would you say that Justice Health as an organisation is sufficiently independent of Corrective Services to provide that separation of powers and responsibilities?

Ms PETERS: We believe so.

Ms SYLVIA HALE: So it would be a concern to you, therefore, in principle, if not in practice—because we do not have the information—that within Junee the GEO group is responsible for the provision of those health services?

Ms PETERS: That is right. While we are quite supportive of Justice Health's role within the current corrective services setting, our principal position is that whoever is providing the prison services should not also then be providing the health services for those prisoners. So, at Junee I understand the prison operator also is responsible for the provision of health services, and we say it should be someone else. Whether that should be Justice Health or another independent agency is not a matter for us to comment on, but it is of concern that it is the same. In the same way that we would not support Corrective Services also directly providing health services for the prisons that they operate as well.

The Hon. HELEN WESTWOOD: Are you aware of any comprehensive research on health outcomes for prisoners either within New South Wales or across Australia?

Ms EDMONDS: There are the Justice Health prison or health inmate surveys. The last one was 2001. I cannot say off the top of my head but certainly there are quite a few universities or people who specialise in doing that type of research and have produced it, but I could not tell you who they were at this point in time.

The Hon. HELEN WESTWOOD: Do you know whether any comparisons have been made between the health of inmates in publicly operated prisons compared to those in private prisons?

Ms PETERS: Our submission makes reference to a number of studies that look at prisoner health in Australia and also internationally. I will be honest, I have not read all of those studies but I think generally they say that for the provision of health services it is better for those services to be provided by an agency other than the one directly providing the prison services. But the level of detail about what the differences might be, I am afraid I would have to take that on notice.

The Hon. HELEN WESTWOOD: Is that principle of an independent agency providing the health service to inmates followed in other jurisdictions where there are also private prisons both in Australia and internationally?

Ms PETERS: Yes and no. Within our submission, I think it is on page three, we have a table sourced from another document. It suggests that it is a bit mixed, although this particular report also suggests that most jurisdictions are looking to have a separation in the provision of health services within the prison systems, and that is largely based on international evidence and, as I said, the World Health Organisation policies.

Ms EDMONDS: Also on a national level and it is a slightly different group, but certainly with the immigration detention centres, when they were reviewed the health services were separated from the providers of the security of the immigration detention centre.

The Hon. HELEN WESTWOOD: What led to that?

Ms EDMONDS: I do not know the background of all the reports, but certainly it was a feeling that the health needs were not being met sufficiently within those centres.

The Hon. HELEN WESTWOOD: I was aware of that table to which you refer; I note in New South Wales it talks about just Justice Health, but that does not take into account the model used in Junee. I wondered if you had any additional information about the other States where there are also a combination of publicly and privately run prisons?

Ms PETERS: Perhaps we could take that on notice and get back to you.

The Hon. HELEN WESTWOOD: Perhaps also if ACOSS, your national body, or perhaps even your sister organisations in the other States have some additional information that would assist the Committee in its deliberations?

Ms PETERS: We can certainly look into that, yes.

The Hon. GREG DONNELLY: Your submission is very good in its particular focus. My question is much broader and if you wish not to comment on it because it is too broad, feel free to do so. One of the themes running through evidence both in submissions and oral evidence before the inquiry from people opposing privatisation, if I can put it that way, is the claim that with respect to the position at Junee New South Wales there is almost—and these are my words, not theirs—a veil of secrecy over its operation and, flowing from that, a lack of transparency in being able to look into that jail and make assessments. In other words, there is a lack of transparency, whether we are talking about indicators that perhaps might relate to health, teaching of courses for example, and one can go on. Would you care to comment on the issue of transparency in the context of privatised facilities?

Ms PETERS: Certainly as we indicate in our submission, it is hard for us to comment on the health outcomes at Junee because we do not know what they are. The data is not publicly available in the same way that the data from Justice Health is, for example. At NCOSS we would always argue that this sort of information is actually important for a number of public policy reasons. One is transparency and to ensure that things that are being carried out by the State or on behalf of the State are actually being done properly and will meet good social justice outcomes. It is very hard to do that if you do not have the data. Likewise, if we are to seek improvements, we are not saying everything is bad, but if you are to continually improve provision of services generally, you need an evidence base on which to do that. If the sorts of data that are currently available from Justice Health, for example, are not available throughout the system, then we cannot make those sorts of analyses and, therefore, recommendations about improvement. That is just as a matter of general principle.

The Hon. GREG DONNELLY: To follow on from that, one of the other criticisms levelled at the private system is the veil of secrecy that is thrown over the information using the argument of commercial in confidence as part of not being possible to release information or to release the detail because it is commercial in confidence. Would you care to comment on that notion of using a veil like that perhaps to argue that information perhaps should not be made available to the public or, indeed, to the government of the day?

Ms PETERS: I think NCOSS would take a position on a case-by-case basis, but I think it is fair to say that when you are, as we are, an organisation that is very much about social justice, one of the things we need to do is to see that for disadvantaged populations in particular there is progress being made for those groups. You would have to say that a prison population is certainly one of the more disadvantaged groups within our community. As a result, I think it is fair to say that commercial in confidence sometimes is used to prevent what is really important and valid information being available by which you can make improvements.

The Hon. JOHN AJAKA: If you had to list with the Government the main concerns, problems, defects with the current system in relation to access of health and prisoners, how would you prioritise it? What would you say are the shortcomings?

Ms PETERS: Our submission, I guess, actually does not go to shortcomings per se but more to the standards we think—

The Hon. JOHN AJAKA: Should occur?

Ms PETERS: —should occur.

The Hon. JOHN AJAKA: I appreciate that.

Ms PETERS: It is a different way perhaps of answering your question. We do believe that it is important to have independence between the agencies responsible for delivering and operating prisons as opposed to delivering health services for the prisoners within those systems.

The Hon. JOHN AJAKA: Let us take that one specific. It is a good statement and I agree with the statement. Is it actually occurring today in our public prison system? If not, where not?

Ms PETERS: I think it is fair to say we would believe all things can always be done better. That is why we continue to strive to do that. I am sure there are instances, I am not aware of them personally, where current prisoners have not had access to the health facilities they wanted. For example, earlier this year we were concerned at lockdown provisions within the Long Bay facility, which we did not believe met health needs. In fairness to Justice Health, that was not their fault; that was an operational issue within the prison per se.

The Hon. JOHN AJAKA: How did it not meet the standards that you believe should apply? Can you be a bit more specific with examples?

Ms PETERS: This was a situation—as I understand it, a result of staffing within the prison—where prisoners who were within the health facility at Long Bay were essentially locked in for significant periods of time. For many of those people, being locked in in that way did not assist with their health recovery and for those particularly who had mental health issues it was certainly exacerbating those particular conditions. The Council of Social Service of New South Wales [NCOSS] and a number of our member organisations, and I know a number of individuals, raised that with the Government and many people around this table, I suspect, at the time it happened and after some time I understand the matter was resolved. I think it is quite clear, for example, that from time to time standards are probably not the best within the health system provided to prisoners currently, but I do not have specifics.

The Hon. JOHN AJAKA: I am trying to understand if there is a significant difference between the current private system, which is the one at Junee, and the current public system, of which we have quite a number in hospitals, within your knowledge as opposed to the generalised concept of what would be the perfect situation. Are you aware of any problems at the Junee facility in relation to the point we are discussing?

Ms PETERS: I think that is the point we make in our submission. We are not aware because we do not know. We do not have all the data or information readily available to us in the same way that we do for those facilities currently run by Justice Health.

The Hon. JOHN AJAKA: If we had a situation where an independent system of health was to operate and apply equally to both a public prison and a private prison and run independently of both in an overseeing capacity, would that alleviate many of your concerns in relation to the first point?

Ms PETERS: In terms of our recommendations, I guess the guts of them is that we are not saying they need to be publicly run facilities or privately run facilities, as long as the agency delivering the health services is different and independent, so you could have public-public, as long as they were different agencies; private-public; and all the combinations thereof. To us the issue is the principle that they are independent from the operator of the prison, whoever that might be. We are not necessarily saying that it must be Justice Health. At the moment we believe Justice Health is providing a good service, but we are not saying that it must be Justice Health.

The Hon. JOHN AJAKA: Please do not take this as a criticism of Justice Health or any existing organisation. My dilemma is this: Junee runs its own facility and, within its operation, runs the hospital or medical centre, if we want to call it that. The argument is that they are not independent. They are clearly related—in fact it is one organisation. But when you look at Justice Health and the Department of Corrective Services, the reality is that Justice Health is 100 per cent funded by the Government. Am I wrong?

Ms PETERS: No, that is correct.

The Hon. JOHN AJAKA: And, of course, the Department is 100 per cent funded by the Government. So at the end of the day you might give them two separate titles, but in reality they are still one organisation. They still come within the budgetary constraints of the Government.

Ms PETERS: Except that Justice Health has a statutory appointed board, which provides some independence, and putting on my somewhat cynical hat—it is Friday afternoon, perhaps—I think you are suggesting a level of compliance across government agencies that I have not noticed much in recent times, unfortunately. I do believe that the point you make is a valid one—yes, of course they are both government-run entities. I do believe, however, that Justice Health was deliberately set up as a statutory entity to provide that level of independence from possible coercion, compliance, complicity, across government.

The Hon. JOHN AJAKA: Accepting that that is proceeding, as with any organisation or any hospital organisation of which we keep hearing stories, Justice Health can only provide the facilities that the budget allows it to provide, no matter how dedicated the people are. So if the appropriate budget funding is not provided there has to be reduction in the services provided. Would you agree with me?

Ms PETERS: That is a practical reality and it occurs across government.

The Hon. JOHN AJAKA: So when we are trying to compare apples with apples or apples with oranges, where I am having a dilemma is that if we keep arguing that one of the problems with a private institution is that it does not have its own independent board or its own independent health service or some other independent facility and, yes, with the government

facilities we can argue that there might be four different government Departments, at the end of the day they are all government Departments and they are still in some sense controlled—and I use that word deliberately—by the government of the day in relation to the budgetary allocations provided to it.

Ms PETERS: That is correct, which is why I think the NCOSS submission actually comes from a quite different place to that. We are actually saying it is not about whether they are public or government services, or private services; it is about what is best to meet the health needs of particularly vulnerable and disadvantaged groups of workers. Hence there needs to be some independence between the operators of the prisons and the health service providers. Likewise there needs to be transparency and, although perhaps we do talk about quality assurance mechanisms, we do not perhaps identify clearly in our submission that naturally appropriate resources is a very important component of that, and NCOSS sees very much its role to ensure that those services are provided and provided at appropriate levels regardless of whether they are private for profit operators, community service organisations or government agencies.

The Hon. AMANDA FAZIO: Presuming that the privatisation goes ahead as proposed, I know that your submission has only really looked at the provision of health services, but what other sort of issues would you like to see included, apart from economic efficiencies, in any evaluation of the success of any further privatisation of prisons?

Ms PETERS: I might just indicate that, although this has not been confirmed, we understand that Justice Health will continue to provide health services at both the Cessnock and Parklea facilities. That is our latest information. As I said, we understand that to be the case, but we have certainly not seen it in writing. We do have a meeting with the Minister in a couple of weeks at which we will be raising that issue. Our focus has very much been on Health. In terms of broader policy areas, we have not addressed it within our submission, but certainly NCOSS would look at preparing prisoners for rehabilitation back into the community as a key social justice policy outcome that we would be looking to secure. That is just off the top of my head. I do not know that we are in a position to comment much beyond that.

Ms SYLVIA HALE: You said that the key issue was the independence of the provider of the health service from the management or the operator of the prison, but I notice on page 4 of your submission that you quote, presumably approvingly, one of the key findings of the Kirby report, an independent investigation into Victoria's private prisons, that prisoner health services were particularly fragmented and the recommendation that all health services should be centrally coordinated. Do you still think that that is the optimum position?

Ms PETERS: "Centrally coordinated" does not necessarily mean provided by the same provider, it means having a level of coordination across a range of providers so that you can actually be sharing data, ensuring good outcomes and the like. There would need to be a strong oversight obviously of that process. Certainly, as I understand that report, that is the sort of oversight that they were looking at, it was not necessarily that health services should be provided by the same provider across the present system within the jurisdiction, but they were saying that there certainly needed to be a level of coordination in that provision, so some strong oversight if nothing else.

Ms SYLVIA HALE: To have that oversight you would have to have common performance indicators presumably that were publicly known and the information provided by the health provider or by the operator of the prison would have to be publicly available too?

Ms PETERS: Absolutely. That is the sort of thing when we talk about transparency and oversight that we actually mean—some key outcomes that are required or anticipated and data toward showing that one way or the other.

Ms SYLVIA HALE: When Junee was established or in any of the subsequent contracts for the operation of Junee did NCOSS or any other organisation have input into the contracts that were entered into with the provider?

Ms PETERS: It was before my time at NCOSS. I do not believe so.

Ms EDMONDS: Not that I am aware of.

CHAIR: Thank you very much for coming in and giving us your views. Thank you also for your submission. You have taken a couple of questions on notice. The committee secretariat will be in contact with you regarding those questions. If committee members have any further questions that they wish to place on notice with you, would that be okay?

Ms PETERS: Yes, that is fine.

(The witnesses withdrew)

SUZETTE LOUISE BRODERICK, Vice President, Women in Prison Advocacy Network, and

KAT ARMSTRONG, Public Officer and Treasurer, Women in Prison Advocacy Network, affirmed and examined:

CHAIR: If you should consider at any stage that certain evidence you wish to give or documents you wish to tender should be heard or seen only by the Committee, please indicate that fact and we will consider your request. If you take any questions on notice today the Committee would appreciate that your responses are returned to the Committee secretariat within 21 days after the date the questions are forwarded to you.

Ms ARMSTRONG: That is not a problem.

CHAIR: Before the Committee starts asking questions, would either or both of you like to make an opening statement?

Ms ARMSTRONG: I would like to make an opening statement for both of us. Suzette and myself are both ex-prisoners. Between us we have done almost 22 years in prison as women prisoners. We come to speak with you today as voices for women prisoners in custody. Suzette has been out since last year and I have been out for six years. First and foremost, we want to thank the Committee for giving us the opportunity to come and speak today. It is really important with an issue such as this that the prisoners' voices and opinions be heard because basically it is going to affect the prisoners and they are going to be there regardless. Management and politicians and authorities will continue to do what they do, but prisoners will still sit inside the prison. Ultimately it affects them. They are obviously not adjusted and happy people. So it is really important that prisoners are consulted on how the issue of privatisation will affect prisoners. Particularly we are here to speak about women prisoners.

CHAIR: That is one of the particular reasons we were keen to get you to give evidence today. We have had submissions from organisations that assist prisoners, but it is difficult to get people who have been involved as inmates in the prison system to talk to us. I will open up the hearing for questions, and we will start with the Government members.

The Hon. HELEN WESTWOOD: Thank you very much for your submission. Could you highlight what you think are the main areas of concern for the women that you represent and their families if privatisation of prisons proceeds?

Ms ARMSTRONG: The main issues for women are that women are very different to men, obviously not just in gender but their needs. They are considered higher need, less risk. Therefore, they need access to programs for medical issues, mental health issues, drug and alcohol issues—a whole range of different programs. Also, there are the mothers and babies in the women's correctional system. Our main concern if prisons were to be privatised, although they are only looking at Cessnock and Parklea, we feel that if they are privatised it could very well lead to women's prisons being privatised as well. I know that Commissioner Woodham has said that women's prisons will not be privatised. He might not be the commissioner forever and things change. If men's prisons become privatised, I cannot see why it then would not lead to women.

As in women's prisons, there are a variety of programs in men's prisons as well. There are so little services and support available for prisoners, so they sit in jail. Unfortunately, many educational programs have been reduced over the last five to seven years and they do not have access to the education opportunities that they used to have. Also, I have many, many case studies that I could talk to you about medical issues. There are issues for dental. There are a variety of different medical issues that come up for women. Due to either staff shortages or problems with Justice Health, for whatever reason, the women do not get to go to the hospital to have their medical issue dealt with there and then. If you privatise the prisons, the services will go down tenfold and it will go from being not so good to very, very bad.

For me personally, I just think it is so morally wrong to be making money out of human beings, men or women. I just think that is so morally wrong. You are in prison because you have broken a law that society deems wrong. That is your opportunity to either correct yourself or look at what caused you to commit the offence in the first place. I just think that privatising prisons and companies making money off those prisoners is just really wrong. When they talk about it assists as far as money goes, everything that I have read from academics and experts in the field, everything says to me, and which we have quoted in the submission, that it does not in fact reduce money costs at all. For the first time, which is a really good thing, both prisoners and prison activists are in agreement with the prison officers. That is another key area because the prison officers have to deal with prisoners each and every day. So to have further tension between them because their benefits or their areas of employment are reduced in whatever way, in a way that it would affect them, it would have a further disturbance on the relationship between them with the prisoners and how they deal with each other. For all those reasons I think it would be wrong, but first and foremost I do not think that human beings, men or women—

Ms BRODERICK: That a profit should be made from them.

Ms ARMSTRONG: Absolutely, there should be no profit made.

The Hon. HELEN WESTWOOD: Have you had the opportunity to look at the experience in other parts of Australia or internationally where women's prisons have been privatised? There is the Victorian experience. Have you had an opportunity to talk to inmates there or activist organisations in Victoria? Also, do you have any experience of overseas that you can share with the Committee?

Ms ARMSTRONG: I do not have any experience from overseas but I have spoken to inmates in Victoria and also to service providers in Victoria. They are all of the exact same opinion as I am, that is, short or long term it does not work. I know that a women's prison in Victoria was actually given back to the Government in, I think, 2003, for a whole variety of reasons because it did not work. I do not know the in-depth reasons of exactly why it did not work. But the inmates I have spoken to, whether you sit in a prison cell in Victoria or in the UK or wherever, the same outcomes will occur. The same access to services, education, medical, are required. Obviously management has a lot to do with it and obviously some prisoners are better managed than others. But as far as privatisation goes, I do not think that any prisoner in any prison anywhere should be exploited for profit.

The Hon. GREG DONNELLY: Thank you for coming today to give evidence and elaborate on your submission. I am sure you appreciate that part of our task as Committee members is to test some of the things that are put to us and the positions that organisations reflect to us as their reasons for supporting or opposing an idea. Do not misunderstand what I am doing. I am going to ask some questions to test some of the things that you have said. In the

testimony you have just given you made the statement that services would go down tenfold if prisons were run by a private enterprise compared to a public State-run jail. Where do you get the "tenfold" from?

Ms ARMSTRONG: The reason I think they would is because—

The Hon. GREG DONNELLY: Specifically the "tenfold". That is a significant reduction in a range of standards across the jail.

Ms ARMSTRONG: The reason I say that is because private contractors supplying the services that are required for women in prison, they are not answerable to anybody. As far as the current Corrective Services, there is the Minister that oversees the Commissioner and there is a chain of command. In other words, they can do what they want, so to speak. There is not a body that they are answerable to. So if it is coming down to money—

The Hon. GREG DONNELLY: Are you sure about that?

Ms ARMSTRONG: Obviously they would have to answer to the Government inasmuch as they are getting prisoners through a public system. I am not sure how they do that. I am not aware of that. But I do know with anything to do with money and from my personal experience with money, if it is a matter of money a private contractor is not going to go out of their way to incur more costs. In my opinion, if there are already limited services that are happening and they are there to make money, why would they then spend more money in providing services that are already limited?

The Hon. GREG DONNELLY: We are being hypothetical here. If the services required are built into the contract that they sign as a corporation to operate the jail, that means they have to provide them because they are built into the price.

Ms ARMSTRONG: But who makes certain that they do? Who decides what service they use and whether that is an adequate service or not?

The Hon. GREG DONNELLY: Who decides that in the State-run jails?

Ms ARMSTRONG: From my experience, whatever services are available there come to the prisons.

The Hon. GREG DONNELLY: Who determines that?

Ms BRODERICK: I think head office.

Ms ARMSTRONG: I am sure Corrective Services determines that. For example, the new Dillwynia centre and the programs that they have made available there that are not available to any other women, I cannot see that all those programs and those services being outsourced with a private contractor, regardless of whether it is in their contract or not. They say, "Yes, we will provide all these services", but who determines whether they actually do it or not? Who ensures that they actually do it or not? I do not have all the numbers and the figures and all the background of how it actually works on the ground, but just from a commonsense point of view I cannot see why when they are there trying to make money they would be out of pocket to ensure that prisoners who, let's be real, they do not care about anyway—they are just there to

make money from them because that is what it is about—why they would then be out of pocket to ensure that they get the services that they need?

The Hon. JOHN AJAKA: It is one thing to make these statements you are making, but at the end of the day I need to see evidence of it and to understand it from a financial point of view. Apart from the situation in Victoria, have you been involved in any other women's prison where there has been privatisation, or have all of them been publicly run Corrective Services prisons?

Ms ARMSTRONG: Every prison I have ever served time in has been a publicly run prison. The little bits that I do know about the privately run prisons have been from inmates who have been in those prisons or from service providers that have tried to do their job by providing service to those prisoners. All the feedback I get from them is that it is a lot more difficult trying to provide service to those women than it is in a publicly run prison.

The Hon. JOHN AJAKA: If we accept that what Commissioner Woodham said is correct—namely that there are no plans whatsoever for the privatisation of a women's prison—and the reasons he outlines, which are almost identical to the reasons you give, is that not the reason why no-one is looking at privatisation of women's prisons, because women are different from men, and the commissioner has admitted it, the Department has accepted it, and you are saying exactly the same thing? Clearly you have serious concerns about the matter, and we appreciate the fact that you are here; it is not easy. Why do you still have a concern that this Government is going to be looking at the privatisation of women's prisons?

Ms ARMSTRONG: Because I think if they make the step to men's prisons, the step can then be made to women's prisons. Commissioners change, politicians change, and things change. Like with anything, if you do it once, you say, "That seems to work okay. Then we will do it over there, and we will do it over there." That is what happens. Regardless that I sit here as a woman ex-prisoner and cite all the reasons why I think women's prisons should not be privatised, the very same issues are for men as well. Men are human beings—

The Hon. JOHN AJAKA: Have you had much to do with the prisoners at Juneee? Have you been involved much with the prisoners there to get an idea from them as to what is occurring with regard to the privatisation of prisons?

Ms ARMSTRONG: When I was in prison, women who came from the Albury-Woodonga area got held at Juneee. I am not sure if they still do, but they used to, overnight or for several days if they had court appearances. From my experience from what they have relayed to me, as well as I have had family members ring just recently in trying to access welfare services and having issues with the men there getting access to medical services. Things were said to me like, "When he was at this jail it was fine, but now that he is at Juneee there is this issue. Why is that so?" I cannot say, "That's definitely 100 per cent because it is privatised", but the fact that there are complaints, both from women who have been held there and from family members who have men there, obviously there are issues with welfare services and there are issues with access to medical services there. That is my experience.

CHAIR: When you have spoken to women who have served time in the private women's prison in Victoria, have they been able to give you specific instances of where their access to services and the conditions they were confronted with were different to what they found in the public prison system in Victoria?

Ms ARMSTRONG: Mainly the access of the providers coming in there. They relayed to me that being in a public system they found that various organisations were able to come in and provide the service that they needed to provide.

CHAIR: What sort of services—methadone, health, education, counselling?

Ms ARMSTRONG: More program-based services, like drug and alcohol, and NA and AA. Also, you have services for people. Before they are going home they try to put in a plan to look at possible education studies or housing issues. They said that people come into the prison to talk to them about putting these things into place. Say, for instance, it would be Department of Housing here. Here they have expos where all the different service providers are able to come in once a month or once every two months and talk to the women prisoners.

Down there they were saying that they had real issues with the prison giving access to those people that needed to come in in order to deliver those services. It was anything from just prior to release, so they are trying to put in a post-release plan, which may be a welfare officer and a whole range of different service providers here that would come into the prison and consult with you and put into place. Down there they said that they could not do much until they got out, but then of course it is too late because you are out on the street, you have no money and you have no house. They were the things that were relayed to me: service providers having a more difficult time getting access.

One particular woman said that getting family visits was an issue for her. Her family lived a long way away and she wanted to be able to get special permission for her family members to come on a particular day, like a special visit. Here in the public system that I know of, Corrective Services allow you to do that; there are compassionate reasons why. For whatever reason, she was continually denied having that special visit with family members who lived a long way away. Again, I cannot say whether it is because that prison is privatised or whether it was just the manager of it. I do not know why. But the fact that she had been in other prisons and had special visits and it was not a problem but here she could not have them—

CHAIR: Ms Broderick, do you want to add anything to that?

Ms BRODERICK: I do not personally have any experience with other inmates in privatised prisons in other areas. It is just my concern that it would occur here, for all the reasons that Kat has stated. It is a scary thought that it could occur, whether it be men or females.

Ms SYLVIA HALE: Ms Armstrong, are you aware that the prospect of privatisation was used, in the case of Kempsey and Darwinia, to persuade prison officers to enter into consent agreements or island agreements in relation to those centres, the suggestion being that if they did not agree to the new working conditions and whatever they would be privatised? Were you aware that prison officers were told that if they did enter these agreements there would be no question of privatisation in the future?

Ms ARMSTRONG: No, I was not aware of that at all. So in other words the prison officers were told, "If you don't do this, we are going to privatise these prisons"?

Ms SYLVIA HALE: Yes. I was just wondering if, if that is correct, that gives any substance to your fear that—

Ms ARMSTRONG: It just heightens my fear on hearing that. I really believe that if they privatise men's prisons—and the suggestion has already been made, because women are at Darwinia and women were at Kempsey as well. So does the privatisation of a prison come down to a way of controlling what the prison officers do? And should that be a reason to privatise a jail? Like, "If you don't do what we want you to do—" I just think it comes down to a management issue. Are there not better ways to manage staff rather than having to privatise a prison? If there are all these overtime scams, and all the reasons why they want to change, to me that comes down to the management of how things are put in place. So why does it have to be put out to a contractor to make money off those prisoners? So we just wash our hands of it and say we do not have to deal with it? Well, unfortunately, people are going to continue to commit crime.

One of the other issues in our submission is that they say that privatisation reduces recidivism. Where is the evidence to suggest that? I do not think that is the case at all, and I do not think it would be the case. I just think it comes down to a fob-off. Especially when you tell me that, I think, "What if Commissioner Woodham leaves his job or even changes his mind in two years time?"—which people do. For all the reasons I have stated in the submission and I have stated here, I just do not think prisons should be privatised in New South Wales, or anywhere.

The Hon. GREG DONNELLY: Point of order: So the witnesses are very clear about this, I am wondering whether Ms Sylvia Hale needs to clarify that she knows directly—

Ms SYLVIA HALE: I prefaced my remarks by saying, "If that is correct, would you ..."

The Hon. GREG DONNELLY: The reason I am intervening is that clearly the witness did not understand that. That is why she is nodding in the way she is.

CHAIR: I think we have clarified that matter to everyone's satisfaction.

Ms SYLVIA HALE: You say that at the moment when prisoners leave jails there is always the possibility of expos where they become aware of the services that are available once they leave, but that you are not aware of similar expos being available at Junee. Is that what you were saying?

Ms ARMSTRONG: Junee is a men's prison—

Ms SYLVIA HALE: You do not know whether expos are—

Ms ARMSTRONG: No, I do not have any idea whether expos are held there or not. All I know is from what inmates have told me in Victorian prisons where they have been privatised they had difficulty accessing those service providers for those reasons.

Ms SYLVIA HALE: Earlier this afternoon we had evidence from the Prisoners Aid Association. They were suggesting that, particularly for prisoners on remand, they assist them with banking, making sure money goes from their accounts into their prison accounts, and that personal property, papers, and that sort of property is looked after.

Ms ARMSTRONG: That is right, yes.

Ms SYLVIA HALE: We were also told that Prisoners Aid was discouraged from providing—I do not think they used the term "discouraged", but certainly they were unable to

provide those services at Junee. If Parklea is privatised, and you have a big remand population there—or if Cessnock is privatised, and again there is a big remand population—if the private provider adopts a similar position and is reluctant to allow Prisoners Aid to provide services to prisoners, what impact do you think that would have on the inmate population?

The Hon. GREG DONNELLY: Point of order: I do not wish to be difficult but the member is deliberately misleading the witness. That was not the evidence, with the greatest respect. The reason the service was not provided to the jail was because there was no contract with the Junee jail.

Ms SYLVIA HALE: If there is no contract—

The Hon. GREG DONNELLY: Or a number of other jails in New South Wales.

CHAIR: Order! I would ask Mr Donnelly not to raise his voice too much. We have a quiet little visitor at the witness table and a loud voice might make her noisy.

Ms ARMSTRONG: Did they say why they did not have a contract?

Ms SYLVIA HALE: They said that counsellors would not deal with Prisoners Aid, which are the words I have copied down here, and the suggestion was that it was the counsellors who were employed at Junee, that was not part of the contract or the work that they were there to do?

Ms ARMSTRONG: Like the welfare officers and the drug and alcohol officers, those sorts of counsellors?

Ms SYLVIA HALE: They were saying that the programs and inmate services managers, really there is not quite the equivalent provision in Junee?

Ms ARMSTRONG: As there are in the public prisons.

The Hon. GREG DONNELLY: But that the chaplains did that work.

Ms SYLVIA HALE: He was unable to say whether in fact the chaplains were able to do that adequately.

The Hon. GREG DONNELLY: That is not my recollection of the evidence.

CHAIR: We have witnesses here so we can ask them questions. It is not appropriate at this stage to have discussions across the room. Until we get the transcript we will not be 100 per cent sure what the man from Prisoners Aid said.

Ms SYLVIA HALE: If Prisoners Aid were not able to provide those services at Cessnock or Parklea what impact would that have?

Ms ARMSTRONG: Particularly to remand inmates, it would have an enormous impact. When you first come into prison you do not deal in money and you do not deal in bank accounts and unless you have somebody on the outside—and quite often you do not have somebody on the outside; you are estranged from your family, you are disowned or you do not have contact with them at all—so if you do not have a service such as Prisoners Aid to go to your bank

account and withdrawal funds for you to bring them into your prison account, that means you do not get a buy-up, you cannot get toiletries and you cannot get everyday things that everybody on the outside takes for granted.

It would have an enormous impact. Personally I know the work that Prisoners Aid does and I would insist that Prisoners Aid should have a contract with every single prison because I would shudder to think how do prisoners in those various prisons that do not have Prisoners Aid get all the assistance. Another thing they do is if you have got a place and you are arrested, refused bail and you are on remand, what happens to the belongings that are in your house. Quite often Prisoners Aid will organise removalists or storage for your belongings. So if you do not have somebody to do that, to give you that sort of aid or assistance, it would be very difficult and would have an enormous impact.

Ms SYLVIA HALE: So if we look at the case of Junee where there seems to have not been a specific provision in the contract for these sorts of services to be provided, would you think this would be a deficiency in a contract that has not been made available for public scrutiny before it is entered into to ensure that these sorts of services are going to be accounted for?

Ms ARMSTRONG: Absolutely 100 per cent, yes, I would say, first and foremost, if there was a contract to go ahead, it should be under public scrutiny and it should have all those services in place because if it does not, then the impact on the prisoners would be much, much worse than what they already are.

Ms SYLVIA HALE: We have had evidence today in terms of the provision of educational services, the provision of health services and then things such as Prisoners Aid, these day-to-day services. It would be your view that the key performance indicators, the measures by which these services are looked at and assessed as to how appropriate they are, they should form part of the contract that is open for public discussion?

Ms ARMSTRONG: Absolutely, yes, and can I just ask something because I do not know the nitty-gritty of it? When a contract is made between government and a private contractor to hand over a prison for privatisation, who is it up to? Who makes those decisions as to what services will be available to those inmates in that prison and is it open to public scrutiny?

Ms SYLVIA HALE: I do not think we have even seen the tender or an expression of interest, which five private companies have said they are interested in running these services. I do not think that is publicly available and as far as I know the Junee contract is not available for public scrutiny, so you consider that a concern?

Ms ARMSTRONG: A major concern, yes. I should not be surprised but I am surprised for the very reasons we sit here today and say why it should not be privatised, because if all the services that currently exist in public prisons, if it cannot be transparent and passed over and be assured—and even if they do assure that, "Yes, this will be in the contract and we will do it", who is to say that they will? Who is to say that they will ensure that those services will be carried out? I know people judge and prisoners are not looked on highly because they have committed some really bad offences and they say they are really bad people so let us just lock them away forever but unfortunately most of them come back out.

Do we want them to get as much assistance, rehabilitation, skills, education and access to programs so that they can actually rehabilitate; so that they can come back out into society and be a worthwhile citizen of society rather than a hopeless drug addict or whatever they were that

caused them to commit the crime and caused them to go to jail in the first place? That was me that was the hopeless drug addict, that never had any idea about drug and alcohol rehab, that was never offered it, did not even know what it was. I go to jail and unfortunately there are very limited things in jail. It is better than what it was but there is still such a long way to go as far as using that time to assist these people to change their way.

The recidivism rate of women is so appalling. If you look at that and ask why is it so appalling, it is because nothing changes. They just waste their five, 10, 16, 12 years whatever time they are sitting there; they do not get educated or skills that can get them a job when they get out, do not teach them anything about a better life they could be leading. They get out and go back to all they know, which is using drugs, so they commit crime and they go back in again. What a waste of life that is.

I was on that revolving door rollercoaster, and if it was not for other ex-prisoners when I got out this last time that actually stood beside me and made me believe that I could be something better, put the time and energy in—all voluntary, no money was paid—and gave me skills in how to use a computer and write things, and started me in education at TAFE, I would probably still be back in jail or dead. I think it is basic, basic, basic, that when these people commit these crimes and go to prison, they should actually be given as much assistance as they can so that they can get out and change and not go back there. If you hand it over to contractors, it is just about money, how are they going to get any assistance? They are not going to get a better deal than they are getting in the public system now; there is no way.

Ms SYLVIA HALE: So it is not just the immediate cost, but the long-term social costs?

Ms ARMSTRONG: Absolutely, and look much it costs now.

Ms BRODERICK: If you lock somebody up in a cell for 15 years and let them out with nothing, it is dangerous. It is scary. It scares me.

The Hon. GREG DONNELLY: I want to clarify one point and I am not trying to persuade you to the Government's position. Can I just use this analogy? In the hospital system there are public hospitals run by the Government and there are private hospitals. With respect to private hospitals, they are audited and checked by the Government to ensure that standards are maintained. In other words, it is not the case that they are out there just running as a hospital, run by private management however they wish to do so. They have to meet standards. The position would be with respect to a place like a jail, if it was run by a private enterprise—putting aside the profit issue because I understand you feel very seriously about that—the position would be and is with respect to Junee, that there are audits and checks done to ensure that standards which are required are met. I do not wish you to go away from today's evidence thinking with respect to a privately run institution the owners of the company that run that can really do what they like. Ultimately it is under the control via the Government?

Ms ARMSTRONG: I appreciate that, but I also know the way the community and people feel about health care and how they are treated in a private—and they pay a lot of money to be treated well—and how a prisoner is treated in a prison, I do not think you can compare that.

Ms SYLVIA HALE: One is open to public scrutiny and the other is not.

The Hon. HELEN WESTWOOD: One area we have not covered in terms of women prisoners relates to women who have children. Is there any particular area of need for mothers who are also prisoners that you wanted to address today?

Ms BRODERICK: I believe there needs to be more space for women to be able to access programs such as Jacaranda, which I was lucky enough to get into eventually in my sentence. It gives you a sense of focus for you and your children. Even if it is part-time, I believe that needs to be looked into more seriously because at present I do not think there are a lot of women with kids. Also, week or day visits, I am not sure if that continues anymore.

Ms ARMSTRONG: The women who are in prison today, 60 to 70 per cent are mothers, not necessarily primary carers but they are mothers. They are the women who sit in our prisons today; they are mothers. Ensuring that a bond or some sort of relationship is maintained while those mothers are in prison and those children are estranged from their mothers is really crucial. Whilst Jacaranda and the mothers and babies program that they have today is great, it is only for a very small amount of women and the criteria to get into it is—you have got to jump through that many hoops in order to get there.

While the recidivism rate for Aboriginal women is the highest, they are not the ones getting into the pre-release programs, they are not getting into the work release and while a few are, the majority of them are reoffending because they are not getting access to the mother and children programs; they are not getting access to the things that could actually assist them to change their life. As a mother myself without a daughter who would not speak to me for seven years, I know first-hand about how important it is to maintain a focus. Just because you are in jail you do not stop being a mother; you are still a mother. So yes, definitely more focus should be put on ensuring that that bond and that relationship is intact.

CHAIR: That concludes the time we have got for questions, but I will just ask Ms Broderick if she has anything else to add. It was a considerable effort for you to come in with the baby today to give evidence.

Ms BRODERICK: It is good to be here and be a part of it. I am just an ex-inmate trying to help make things better for the women that are left behind and are obviously going to return. I want to make the system better and safer.

CHAIR: Thank you very much for your attendance today. I know it has been an effort. Having had children myself I know it is hard to get them around when they are only little. If Committee members wish to send you any more questions would that be okay?

Ms ARMSTRONG: Absolutely. Not a problem at all.

(The witnesses withdrew)

(The Committee adjourned at 5.32 p.m.)